Debt Investor Update

March 2016

Pam Bains - Aurizon Network, Chief Financial Officer
David Collins - Aurizon Group, Treasurer

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Agenda

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Biographies

Pam Bains

Vice President – Network Finance

Pam has over 20 years' experience in finance and commercial roles working in the UK, India and Australia.

After completing a Bachelor of Economics and Finance and qualifying as a Chartered Accountant with Arthur Andersen (UK), Pam gained experience across a number of sectors including financial services (GE Capital - Global Consumer Finance), retail & distribution (Next plc) and telecommunications, (Teléfonica O2). Pam joined Aurizon in 2010, playing a critical role during Aurizon Holdings' initial public offering and listing on the ASX. As Vice President Network Finance, her responsibilities include providing insight through business partnering, strategic and financial planning and external stakeholder engagement. Pam is also Chairperson of the Network Investment Committee.

David Collins

Vice President – Finance & Group Treasurer

David has over 20 years' experience in finance and commercial roles covering businesses in Australia, the UK, Germany and the Middle East.

After completing a Bachelor of Commerce and qualifying as a Chartered Accountant with Deloitte, David gained experience across a number of sectors including heavy manufacturing (BHP Billiton), construction, property development, property asset management (Brookfield Multiplex), infrastructure and logistics (Aurizon). David also holds a Master of Business Administration. David joined Aurizon in 2010, and currently holds the role of Vice President Finance & Group Treasurer. David's role is responsible for Aurizon's Treasury, Procurement, Tax, Shared Services and Insurance functions, as well as Business Unit CFO responsibility for Aurizon's Above Rail, non-regulated business. David's previous roles at Aurizon include Group Financial Controller, VP Investor Relations and VP Finance & Regulation, Network.

I. Aurizon Group

About Aurizon Group

- Aurizon (ASX: AZJ; market capitalisation of A$8.4bn[1]) is Australia's largest rail freight operator and a top 50 ASX company
- Aurizon connects miners, primary producers and industry with markets by providing integrated freight and logistics solutions across Australia. Aurizon also provides a range of specialist services in rail design, engineering, construction, management and maintenance
- Aurizon operates an integrated business model, combining transportation with management of the regulated track infrastructure
- Since privatisation and IPO in 2010 Aurizon has been on a transformation journey underpinned by an integrated operating plan that has delivered significant cost savings, operational productivity and efficiency improvements
- Aurizon consists of 2 business segments: 'Below Rail' and 'Above Rail'

Below Rail	Above Rail
› Aurizon Network controls, manages, operates and maintains the Below Rail fixed rail infrastructure assets of the Central Queensland Coal Network (CQCN) ➢ Regulated Asset Base (RAB) of A$5.6 billion[2] ➢ Moody's and Standard & Poor's credit rating: Baa1 / BBB+ (review / stable) › The CQCN is Australia's largest export coal rail network and is the vital rail link between Queensland's coal mines and the various ports used to export coal › The CQCN is a natural monopoly infrastructure asset regulated by the Queensland Competition Authority (QCA) › Aurizon Network is paid regulated access payments › Aurizon Network's regulated revenue is protected through a combination of contractual and regulatory mechanisms which limit counterparty and volume risk	› Aurizon Operations transports more than 250 million tonnes annually of Australian commodities, connecting miners, primary producers, and industry with international and domestic markets › The key components of the Above Rail segment are hauling coal, iron ore and other freight › Specialist services in rail design, engineering, construction, management and maintenance also incorporated in the Above Rail business segment

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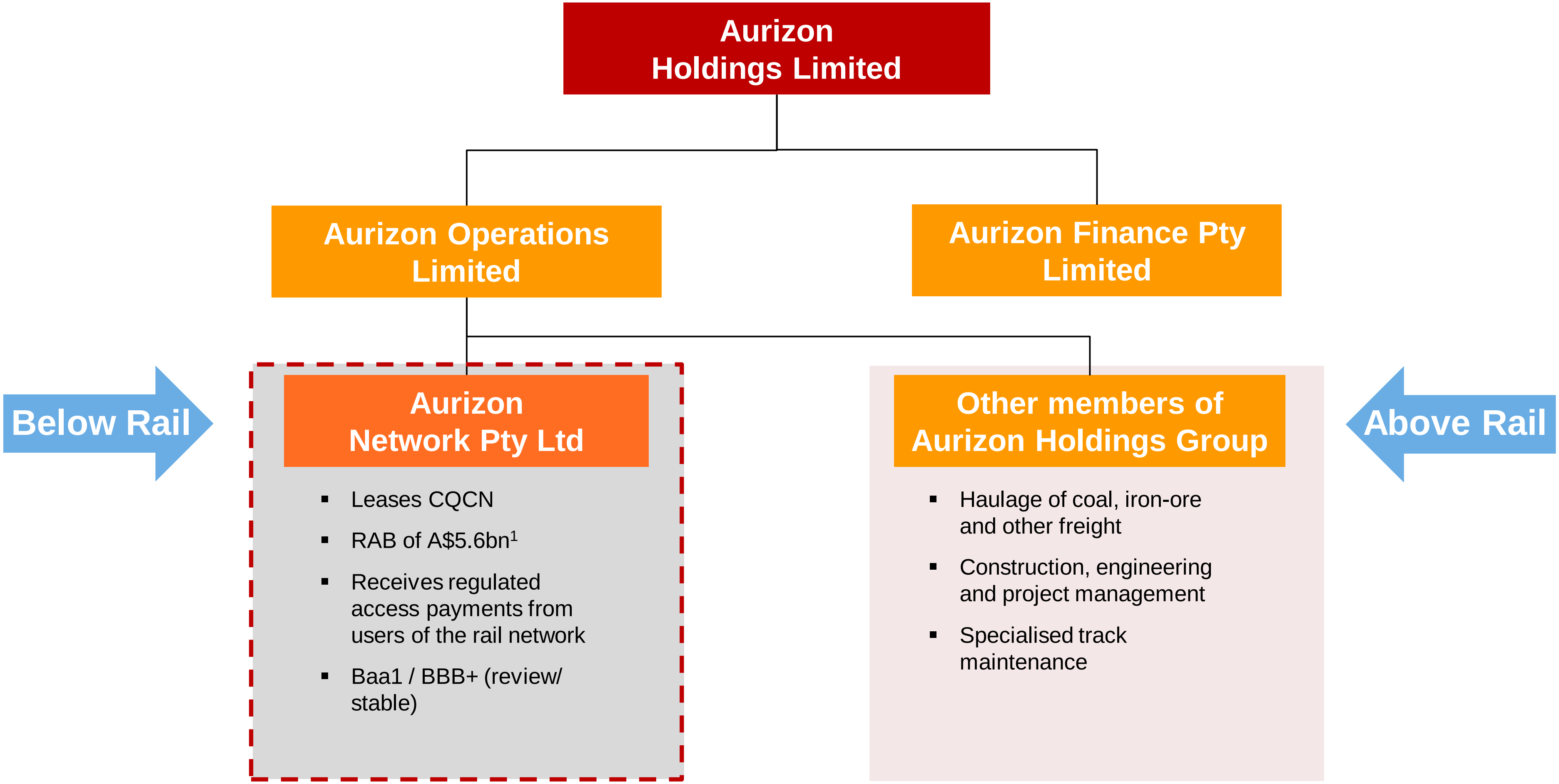
1. As at 24 February 2016
2. Projection based on QCA's UT4 Consolidated Draft Decision December 2015. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

Aurizon Group



Aurizon Holdings Limited

Aurizon Operations Limited

Aurizon Finance Pty Limited

Below Rail

Aurizon Network Pty Ltd

- Leases CQCN
- RAB of A$5.6bn[1]
- Receives regulated access payments from users of the rail network
- Baa1 / BBB+ (review/ stable)

Other members of Aurizon Holdings Group

- Haulage of coal, iron-ore and other freight
- Construction, engineering and project management
- Specialised track maintenance

Above Rail

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1. Projection based on QCA's UT4 Consolidated Draft Decision December 2015. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

⁝ Issuer under the A$ MTN Debt Issuance Programme dated October 4, 2013 and the EMTN Issuance Programme dated September 2, 2014

Aurizon Group update

1. Weaker Commodity prices

Volumes are steady as Queensland continues to produce coal at a globally competitive cost taking advantage of key proximity to Asia

- **Below Rail** – Running at near record volumes (5 successive years of record volumes); significant improvements to operating efficiency since IPO; regulation means revenue is protected through a revenue cap and loss socialisation system; top 6 mining companies account for 80% of contract volumes

- **Above Rail** – High fixed capacity charge (62% for H1FY16, increasing to 72% for FY18); long weighted average remaining contract length (10 years); no out of cycle contract negotiations (except Cockatoo Coal, which is in VA); significant improvements to operating efficiency

2. Counterparty Risk

Queensland coal mines have long expected lives, are high quality and are cost competitive so even if current operators fold or sell they should remain an attractive proposition for other miners

- **Below Rail** - Socialisation of any revenue shortfall through the revenue cap system protects against counterparty risk of network users

- **Above Rail** - 63% of customers are investment grade (by volume), credit rating only one factor considered as part of customer risk evaluation – other factors include profit margin, expandability, mine life and portfolio fit

Aurizon Group update

3. Moody's put Aurizon Holdings and Aurizon Network ratings on review for downgrade

This reflects the "increasing level of downside risk for Aurizon's credit profile, as a result of escalating financial pressures on its coal and iron ore mine counterparties, due in turn to weak commodity prices and supply/demand fundamentals"

- **Below Rail** – Stable, defensive, regulated business with revenue protected through a cap and loss socialisation system
- **Above Rail** – Resilient business due to strong counterparties and revenue contract protection with discretionary levers on dividend, CAPEX and continuous operational improvement (A$308m delivered since July 2013, target set at A$380m for FY2016-FY2018)

4. QCA Delays to agreement on Undertaking 4 (UT4)

- A final decision on UT4 is expected in April 2016
- Expectation is that it will not be materially different to the December 2015 Consolidated Draft Decision

5. Aurizon Network has performed well since the inaugural Euro transaction

Aurizon Network Summary Financials

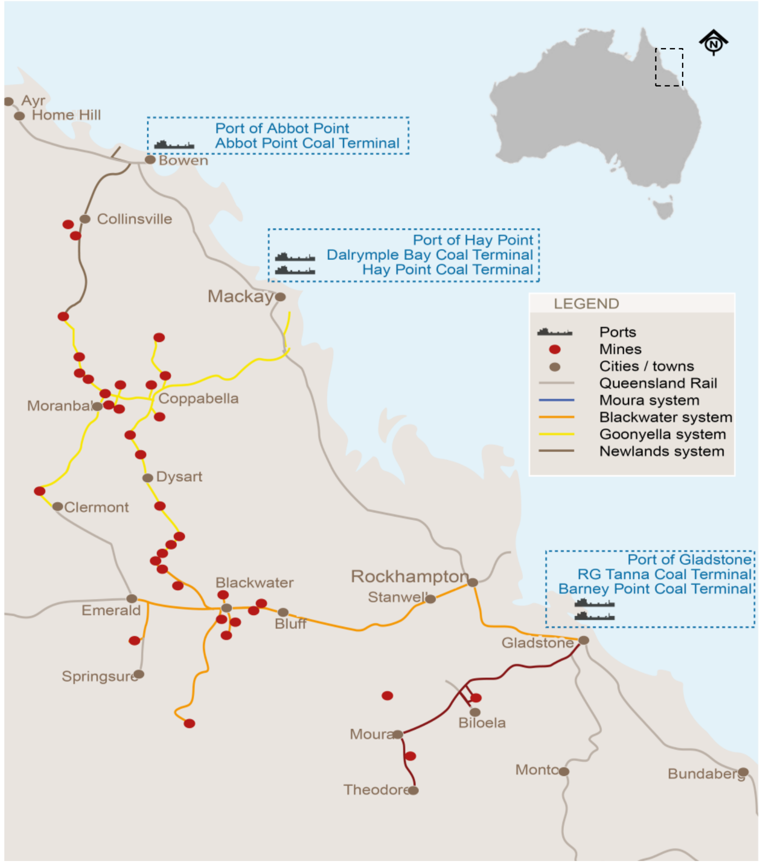
As at (A$m)	H1 2016	H1 2015	FY 2015	FY2014
Volume (mt)	114	115	226	215
Total Revenue	581	530	1,108	1,012
EBIT	245	218	484	412
ICR	3.0 (LTM)	2.0 (LTM)	2.9	2.1
Debt to EBITDA	4.0 (LTM)	4.4 (LTM)	4.2	4.1

II. Aurizon Network

Aurizon Network overview

- The CQCN comprises 4 major coal systems and 1 connecting system link serving Queensland's Bowen Basin coal region: Newlands, Goonyella, Blackwater and Moura with GAPE the connecting system link
    - ➢ 2,670 kilometres network length of which 1,945 kilometres is electrified
    - ➢ Over 40 operating coal mines serviced[1]
- Aurizon Network's operations are governed by 99 year lease arrangements with the State of Queensland
- Approximately 71 services per day delivering to six export coal terminals at three ports
- Open access network with 3 Above Rail coal operators – Aurizon Operations, Pacific National and BMA Rail
- It is estimated the value of the regulated Asset Base (RAB) will be A$5.6bn as at 30 June 2016[2]

Central Queensland Coal Network (CQCN)



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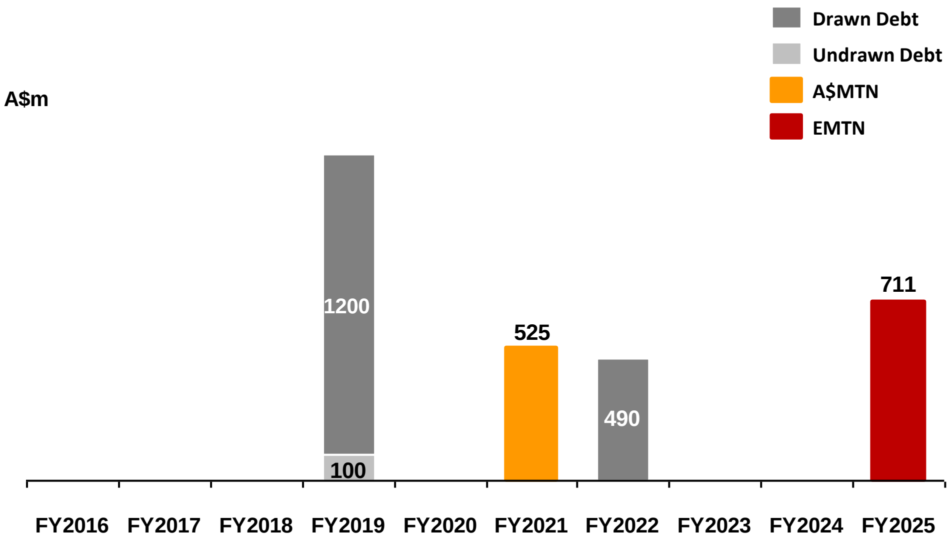
1. Based on Aurizon management estimates as at 30 June 2015
2. Projection based on QCA's UT4 Consolidated Draft Decision December 2015. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

Standalone capital structure

- Aurizon Network operates as a separate standalone entity to Aurizon Operations and Aurizon Holdings
  - Separate Board and Management team
  - Separate statutory financial reporting
- Standalone debt facilities are in place at the Aurizon Network level, supported by the Below Rail regulated infrastructure assets
- Aurizon Network's target gearing level is broadly consistent with the regulator's assumption of 55% Debt to RAB
- Committed growth programs winding down (funded by current debt facilities)
- Longer term non-growth capex remains ~A$250m - A$300m per year

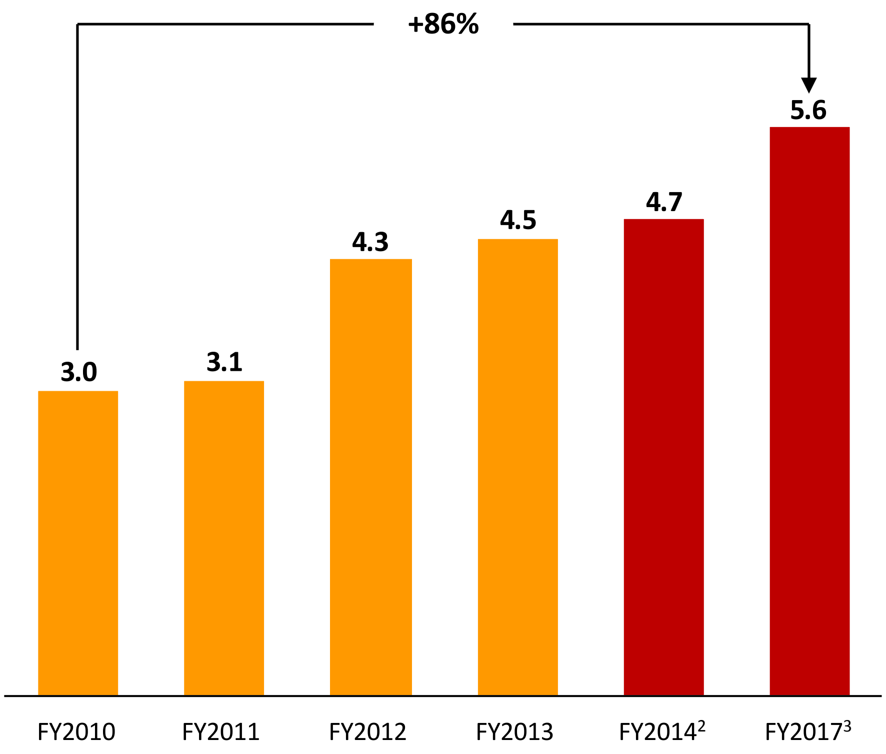
Aurizon Network: Debt maturity profile



Growth in Aurizon Network's RAB

- QCA determines Aurizon Network's access pricing based on the estimated value of the RAB
- RAB value of A$4.5bn (excluding assets subject to access facilitation deeds[1]) as at 30 June 2013
- The QCA has deferred approval of RAB rollovers subsequent to FY2013 until finalisation of UT4
- Based on the UT4 CDD (December 2015) RAB (excluding assets subject to access facilitation deeds[1]) is forecast to grow to ~A$5.6bn by FY2017
- Value of the RAB determined by:
  - Opening balance
  - Add inflation
  - Add capex
  - Less depreciation
- UT4 and Standard User Funding Agreement (SUFA) seek to include a pre-approval mechanism for capital investment

Aurizon Network's RAB[1] over time (A$bn)



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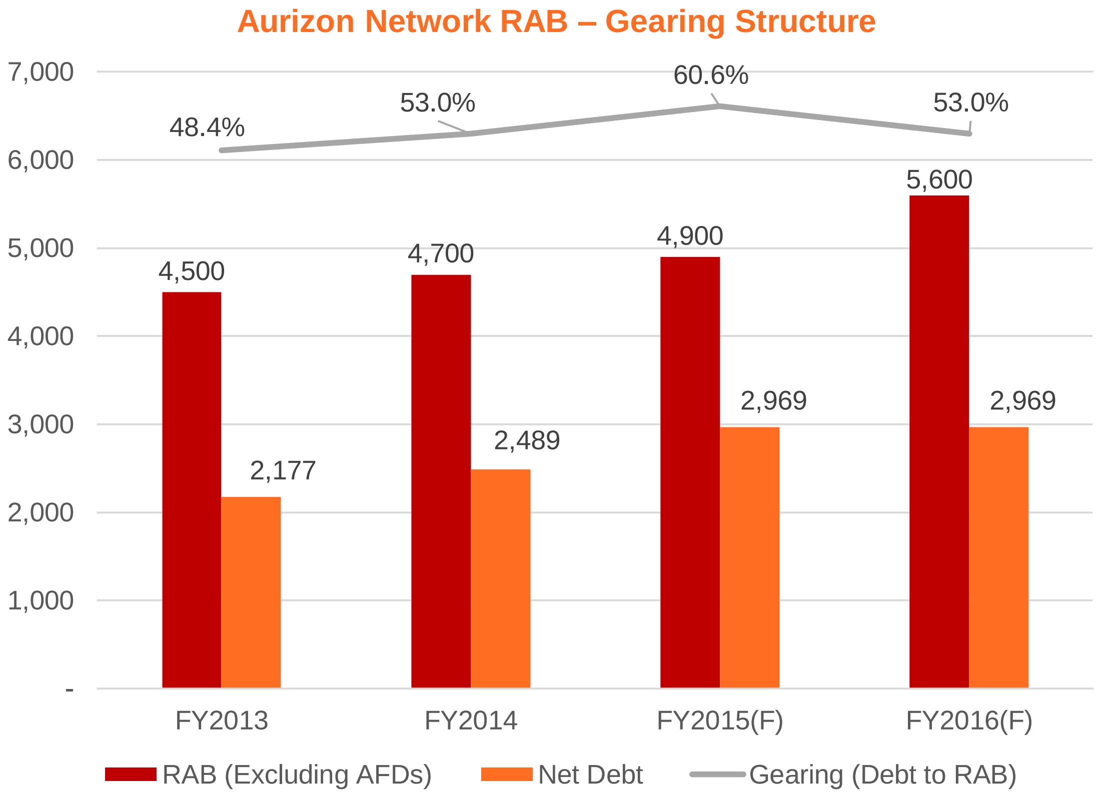
1. Excluding Access Facilitation Deeds – these are assets that have the construction cost prepaid by the customer
2. FY2014 RAB is an indicative estimate based on an extrapolation of the QCA's Consolidated Draft Decision (December 2015)
3. FY2017 RAB is an indicative estimate based on an extrapolation of the QCA's Consolidated Draft Decision (December 2015)

Aurizon Network: Capital structure



NOTE: The RAB Depicted in the graph is a projection of the RAB based on the QCA's UT4 Consolidated Draft Decision (December 2015), excluding Mine Specific Infrastructure on which Aurizon Network does not earn an economic return

- All material growth projects were completed by December 2015
- Aurizon Network's Net Debt position in the medium term is expected to remain flat given no further grow projects
- Sustaining capex is completely funded through operating cashflows
- Once all growth capex has been rolled into the RAB gearing will remain slightly below the regulatory assumed gearing level of 55%
- Borrowings increased to fund the major growth projects comprising:
  - WIRP Project
  - Rolleston Electrification
  - Goonyella System Expansion

Aurizon Network: Experienced Board

Michael Fraser
Non-Executive Chairman

Mr. Fraser has more than 30 years' experience in the Australian energy industry He has held various executive positions at AGL Energy culminating in his role as Managing Director and Chief Executive Officer for the period of seven years until February 2015. Michael is currently a Non-Executive Director of the ASX listed APA Group. Michael is a former Chairman of the Clean Energy Council, Elgas Limited, ActewAGL and the NEMMCo Participants Advisory Committee, as well as a former Director of Queensland Gas Company Limited, the Australian Gas Association and the Energy Retailers Association of Australia.

Alex Kummant
Director,
Executive Vice President

Mr. Kummant has more than 25 years' experience in the North American industrial sector, including in various executive roles in the rail industry. Mr. Kummant was appointed Executive Vice President Strategy of the Aurizon Holdings Group in October 2012 and then Executive Vice President of Aurizon Network in January 2014 . Prior to joining the Aurizon Holdings Group in October 2012, Mr. Kummant was Chief Executive Officer of Amtrak and Vice President in several executive roles at Union Pacific Railroad. Prior to joining Union Pacific Railroad, Mr. Kummant held various executive roles at Emerson Electric Co. and SPX Corporation.

John Cooper
Non-Executive Director

Mr. Cooper has more than 35 years' experience in the construction and engineering sector in Australia and overseas. Currently, Mr. Cooper is Chairman and Non-Executive Director of Southern Cross Electrical Engineering Limited and also holds a Non-Executive Directorship with NRW Holdings Limited. During his career as an executive Mr. Cooper's roles have encompassed large civil, commercial and infrastructure projects and complex engineering and project management activities in the mining, oil and gas, engineering and property sectors.

Lance Hockridge
Director

Mr. Hockridge became Managing Director & CEO of Aurizon Holdings, in July 2010. He has guided Aurizon's transition to a top 50 ASX company after 145 years as a government owned railway. From 2007 until 2010, he was CEO of QR Limited which was split to form Aurizon Holdings and the passenger-focussed Queensland Rail that remained in government ownership. Mr. Hockridge has more than 30 years' experience in the transportation and heavy industrial sectors in Australia and the United States with BHP Billiton and BlueScope Steel. At BHP Billiton Limited, Mr. Hockridge was a member of the leadership team that led BlueScope Steel's successful demerger from BHP and subsequent listing on the ASX. In 2005, Mr. Hockridge was appointed President of BlueScope Steel's North American operations where he led a major turnaround in safety, production and financial performance. Mr. Hockridge is a member of the Business Council of Australia's Efficient Regulation policy committee and a regular participant in industry forums on transport infrastructure and reform. He has been appointed to Q20, the business leaders group promoting Queensland investment as part of the G20 Summit in Brisbane in November 2014.

Sam Lewis
Non-Executive Director

Ms. Lewis has extensive financial experience, including as a lead auditor of a number of major Australian listed entities. Ms. Lewis has significant experience working with clients in the manufacturing, consumer business and energy sectors, and in addition to external audits, has provided accounting and transactional advisory services to other major organisations in Australia. Ms. Lewis's expertise includes accounting, finance, auditing, risk management, corporate governance, capital markets and due diligence. Ms. Lewis is currently a non-executive director and chairman of the Audit & Compliance Committee of Orora Limited and also holds a Non-Executive Directorship with Greenstone Limited. Previously, Ms. Lewis was an Assurance & Advisory partner from 2000 to 2014 with Deloitte Australia.

III. Aurizon Network:

Regulation & Customers

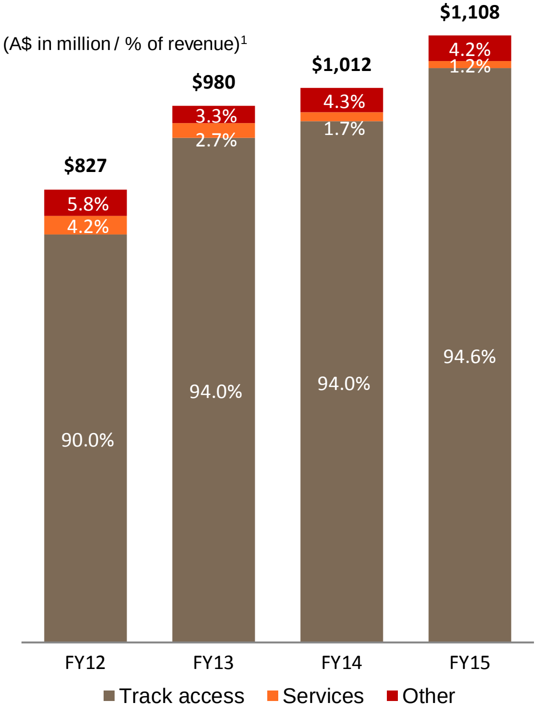
Regulated revenues, stable regulatory regime

1 Well established regulatory regime

- The provision of transportation services by rail on the CQCN is regulated by the QCA
- The CQCN is a vital part of the Central Queensland coal supply chain
- The form of regulation is a conventional revenue cap
- Loss socialisation across other users of the CQCN protects Aurizon Network from counterparty risk of network users

2 Stable regulated revenue base

- Over 90% of Aurizon Network revenue is from track access payments
- Access revenue growth and contribution have remained stable over time


(A$ in million / % of revenue)[1]

3 Well developed building block approach to revenue determination

1 RAB is approved by the QCA on a Depreciated Optimal Replacement Cost basis

2 "Building block" approach adopted to determine the CQCN's maximum allowable revenue

3 Reference tariffs determined, taking into consideration forecast volumes and under and over recovery in prior periods

BUILDING BLOCKS

WACC (return on capital)
+
Depreciation net of inflation (return of capital)
+
Opex
+
Maintenance
+
Gamma adjusted tax
=
Aurizon Network's maximum allowable revenue

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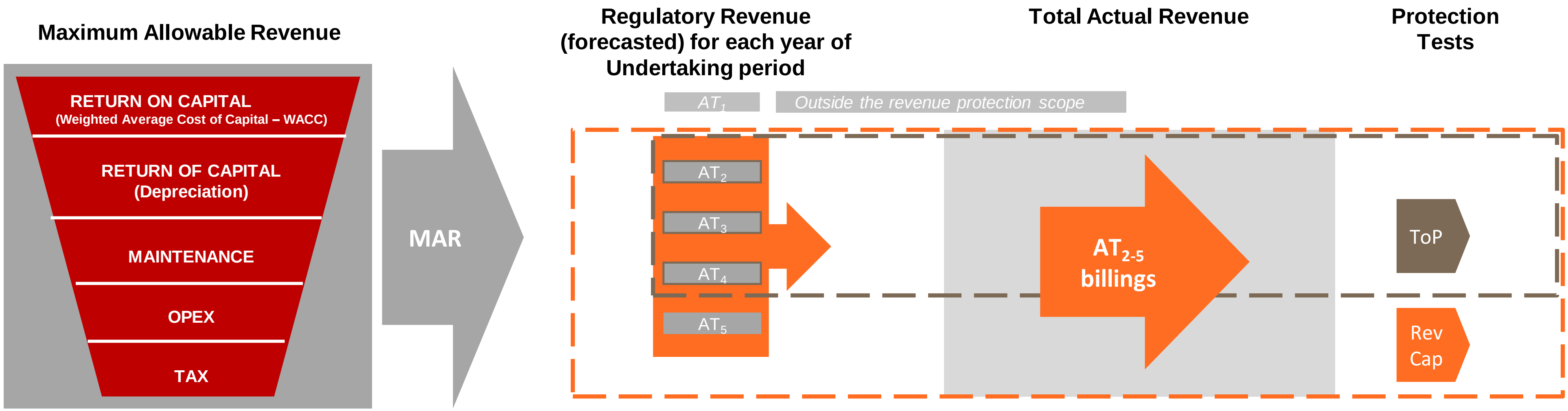
1. ASX market announcement, Aurizon Network – Segment note restatement 13 January 2014

The CQCN regulatory framework provides revenue protection

- Aurizon Network's regulated revenue is protected through a combination of contractual and regulatory mechanisms that are included in the Access Undertaking and access agreements
- These mechanisms come into effect when revenue shortfalls occur due to actual tonnage railed being less than regulatory approved tonnage forecasts



Maximum Allowable Revenue

RETURN ON CAPITAL
(Weighted Average Cost of Capital – WACC)

RETURN OF CAPITAL
(Depreciation)

MAINTENANCE

OPEX

TAX

MAR

Regulatory Revenue (forecasted) for each year of Undertaking period

AT_1

Outside the revenue protection scope

AT_2

AT_3

AT_4

AT_5

Total Actual Revenue

$AT_{2\text{-}5}$ billings

Protection Tests

ToP

Rev Cap

These building blocks represent Capital and operational costs that Aurizon Network can recover for CQCN access

The QCA approves the Maximum Allowable Revenue (MAR) that can be earned by Aurizon Network.

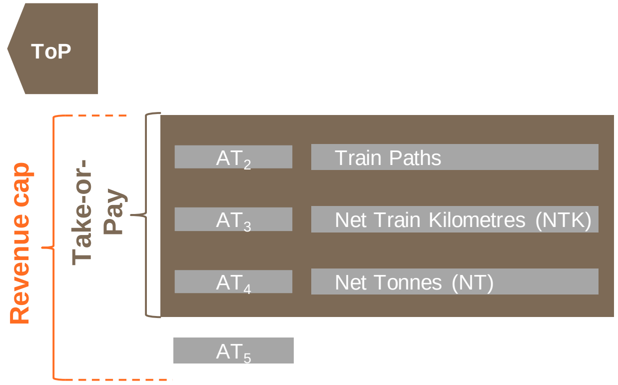
Revenue for each year determined by individual system, based on regulatory approved forecasted volumes

These five different reference tariffs reflecting different recovery categories

Total Actual Revenue (TAR)

Total Actual Revenue for revenue protection calculation purposes = System Allowable Revenue (SAR) (including ToP if triggered) adjusted for rebates, cross system traffic and transfer/relinquishment fees

Take-or-Pay protection if revenues fall short



ToP

Revenue cap

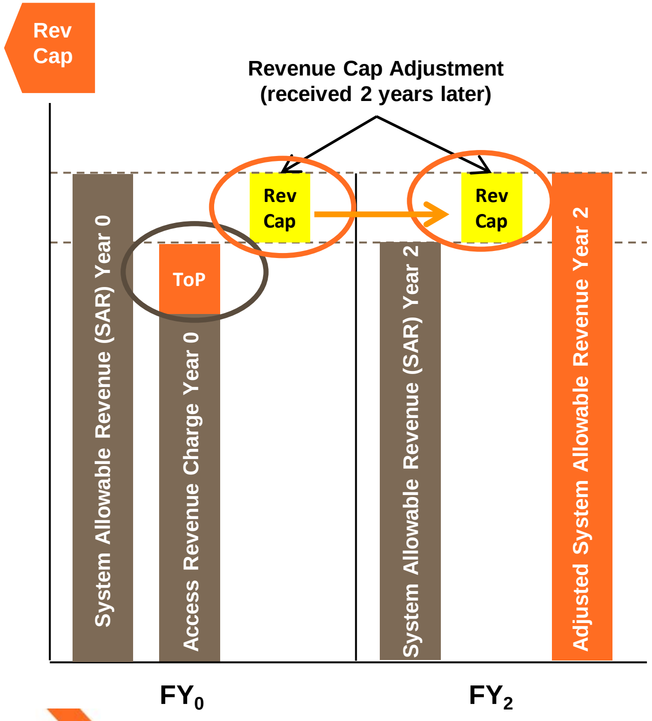
Take-or-Pay

AT_2 Train Paths

AT_3 Net Train Kilometres (NTK)

AT_4 Net Tonnes (NT)

AT_5



Rev Cap

Revenue Cap Adjustment (received 2 years later)

1 Take-or-Pay mechanisms

- Primary revenue protection mechanism available to Aurizon Network
- Allows Aurizon Network to recover revenue shortfall directly from the access holder

2 Revenue cap mechanism

- Comes into effect in the event Take-or-Pay mechanisms do not recover a revenue shortfall
- Revenue cap mechanism allows for remaining shortfall to be recovered two years later through a WACC adjusted tariff
- In the event that total allowable revenue collected exceeds the Maximum Allowable Revenue (MAR), the revenue cap mechanism will return the surplus revenue two years later through an adjusted tariff

3 Socialisation of counterparty risk

- Counterparty risk occurs when certain mines are no longer in operation
- If a counterparty fails, the total allowable revenue will be shared among the remaining users and Aurizon Network will continue to earn its aggregate regulated revenue

Socialisation in the event of a revenue shortfall

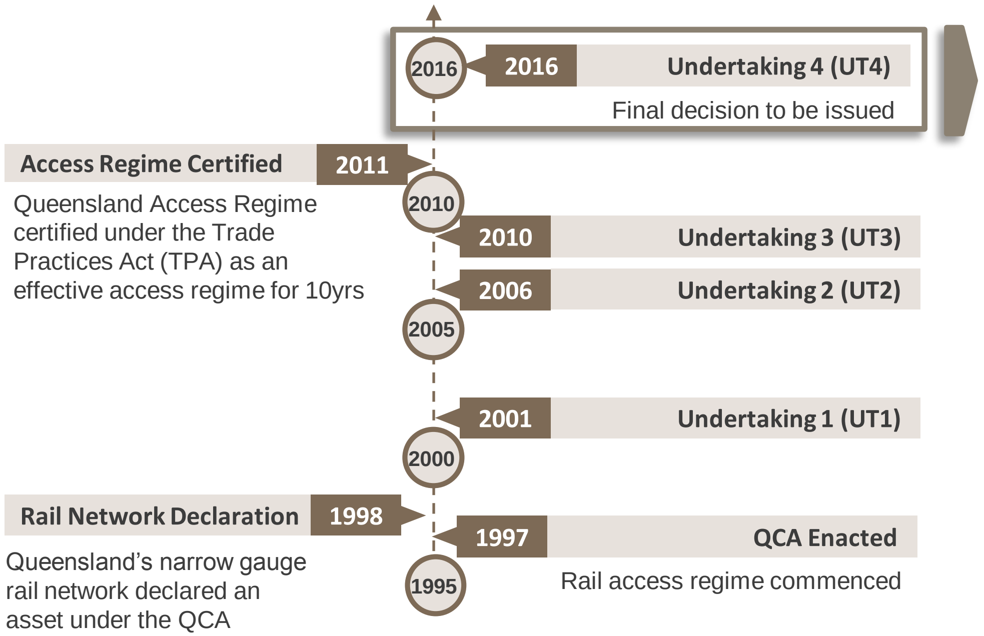
Scenario: A Coal Mine on the Goonyella System closes due to insolvency and the mine ceases all railings at 31 December (half way through the fiscal year) with no future railings to occur. The mine was forecast by the regulator to rail 5mt per annum

	Regulatory Forecast		Actual		Process
Year 1	Regulatory Volume Goonyella MAR Tariff per tonne	110mt A$350m A$3.18/t	Volume Revenue **Shortfall** (vs MAR)	107.5mt A$342m **A$8m**	› The mine closes at the end of 1H having railed 2.5mt, incurring A$8m in Access Charges (12 weeks or A$3.7m protected by security provided by customer) › Unused capacity for the remainder of the year leads to A$8m shortfall in revenue vs MAR. Recovery can be made through Take-or-Pay agreements with original operator or other users of the network › Assuming it is not possible to recover revenue through Take-or-Pay agreements the revenue cap system will adjust the MAR in year 3
Year 2	Regulatory Volume Goonyella MAR Tariff per tonne	105mt A$350m A$3.33/t	Volume Revenue	105mt A$350m	› Regulator adjusts regulatory volume to account for lost 5mt from closed mine › Goonyella MAR maintained at A$350m, tariffs increased on all users to achieve MAR on lower volumes
Year 3	Regulatory Volume Goonyella MAR 1-off increase to MAR **Year 3 MAR** Tariff per tonne	105mt A$350m +A$8 **A$358m** A$3.41/t	Volume Revenue **Surplus** (vs MAR)	105mt A$358m **A$8m**	› 1-off increase to Goonyella MAR to make up for shortfall in year 1 (assuming no recovery through Take-or-Pay agreements in year 1) › Tariffs increased for year 3 to make up year 1 shortfall

History of the regulatory framework

CQCN Regulation Overview

CQCN Regulation Evolution

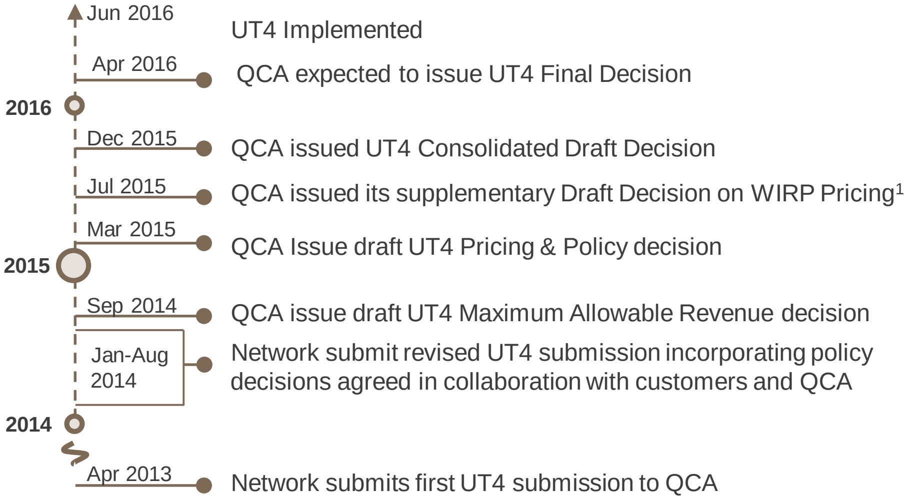


Role of the Queensland Competition Authority

- QCA is the economic regulator under the state access regime
- QCA administers the open access regime which regulates Aurizon Network as the access provider for rail transport infrastructure in the CQCN

UT4 Overview

UT4 Development and Key Milestones



Key Policy Elements

- **Socialised Pricing –** customers pay their access charges via a five part tariff which allocates the Maximum Allowable Revenue
- **Reporting –** Aurizon Network provides operational reports to customers highlighting the performance of the system
- **Ringfencing –** Aurizon Network has the obligation to keep access seekers and holders information confidential which enables an efficient and effective competitive in the Above Rail haulage market which benefits the supply chain efficiency
- **Standard Form Access Contract –** the QCA approves a standard form access contract which enables all users to contract on the same basis providing customers and Aurizon Network contract certainty

AURIZON

1. WIRP decision to be part of UT4 Final Decision
2. Subject to the QCA's Final UT4 Decision (expected in April 2016)

Aurizon Network's 2014 Draft Access Undertaking status

- QCA published its Draft Decision on Aurizon Network's Undertaking 4 (UT4) Maximum Allowable Revenue (MAR) for the period of the next undertaking on 30 September 2014
  - The decision details an unsmoothed MAR of A$3.906bn including a vanilla Weighted Average Cost of Capital return of 7.17%, excluding Capital Carryover
  - Aurizon Network responded to the Draft UT4 MAR Decision on 19 December 2014

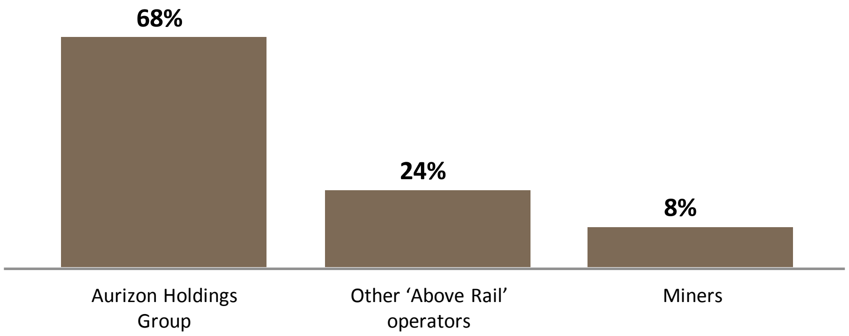
- QCA published its Draft Decision on Aurizon Network's 2014 Draft Access Undertaking – Policy & Pricing on 30 January 2015
  - Aurizon Network is disappointed with the draft decision and its potential impact on investment in the CQCN
  - Aurizon Network submitted its response to the draft decision on 17 April 2015

- QCA published its Consolidated Draft Decision (CDD) on Aurizon Network's 2014 Draft Access Undertaking (UT4) on 16 December 2015
  - The decision details an unsmoothed MAR of A$3.928bn including a vanilla Weighted Average Cost of Capital return of 7.17%, excluding Capital Carryover
  - Consultations and submissions are due on the CDD by 26 February 2016
  - Release of the final UT4 Decision expected by the end of April 2016

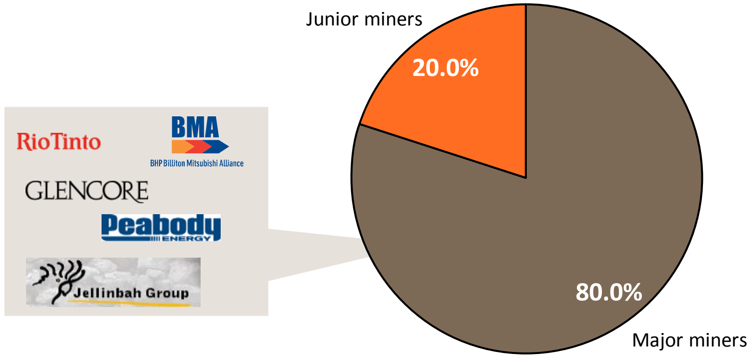
Long term customer relationships

- In FY15, ~68% of our regulated coal access revenue was derived from access agreements with Aurizon Holdings, while ~32% was derived from other Above Rail operators (including Pacific National) and miners
- The CQCN delivers rail infrastructure to over 40 operating coal mines in the Bowen Basin coal region[1]
- The mines are operated by a diversified group of coal miners, predominantly large, global, investment grade[2] companies, including:
  - BHP Billiton Mitsubishi Alliance
  - Glencore
  - Rio Tinto
  - Wesfarmers

FY15 revenues (split by Aurizon Network customers)



FY15 railed volumes (split by customer group)



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1. Based on Aurizon management estimates as at 31 December 2015
2. Refers also to mines that are owned by parents with investment grade credit ratings

IV. Australian Coal Market Update

Strong drivers support Queensland coal volumes

1 Australia is the world's largest exporter of seaborne coal

2 Proximity to Asia gives Australia a competitive advantage

3 Queensland has the largest coal resource in Australia with a long production life

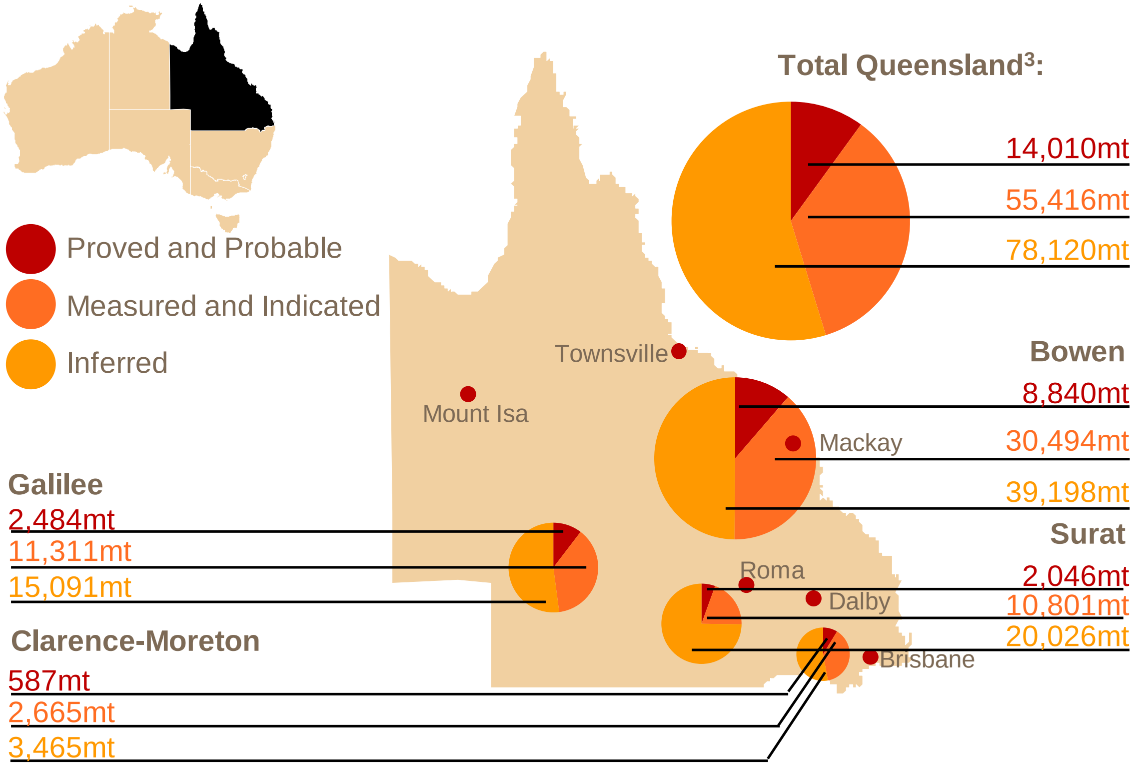
4 Queensland's coal producers are globally cost competitive

5 Many of the end users of Queensland coal have specifically set up operations to use Bowen Basin coal

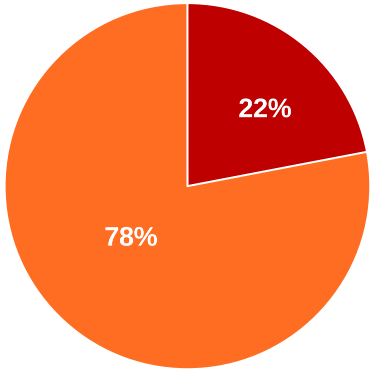
Queensland has the largest coal resources in Australia; long production life

Queensland has more than 78bt of coal resource, 39bt in the Bowen Basin region serviced by the CQCN

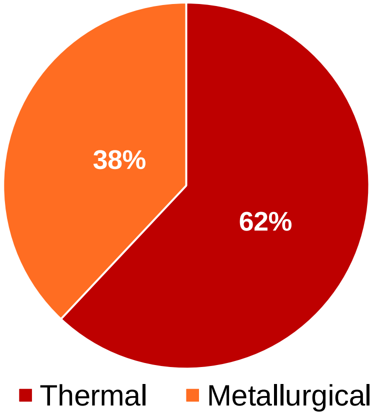
Queensland coal endowment (Reserves and Resource as at 30 June 2014, mt)[1]



Bowen Basin coal reserves[2]



Queensland coal reserves[2]



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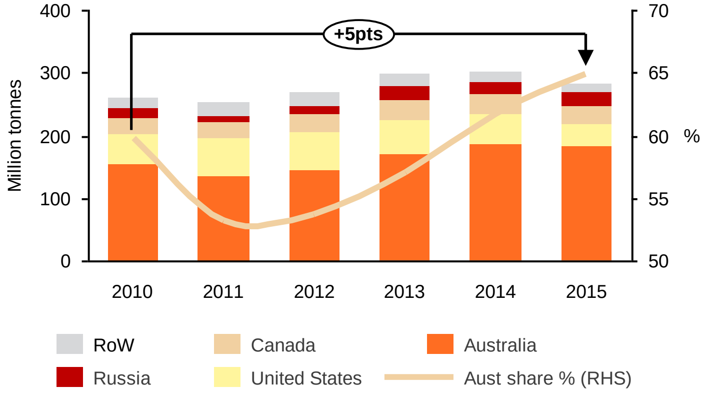
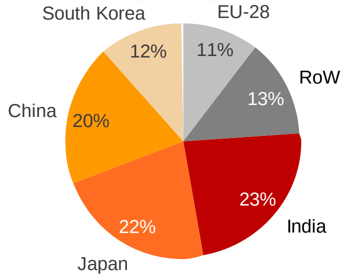
1. Queensland Exploration Scorecard 2014
2. Wood Mackenzie Australia Coal Supply Service - February 2016 (marketable reserves)
3. Includes Tarong and Maryborough basins (400mt resource)

Proximity to Asia gives Australia a competitive advantage

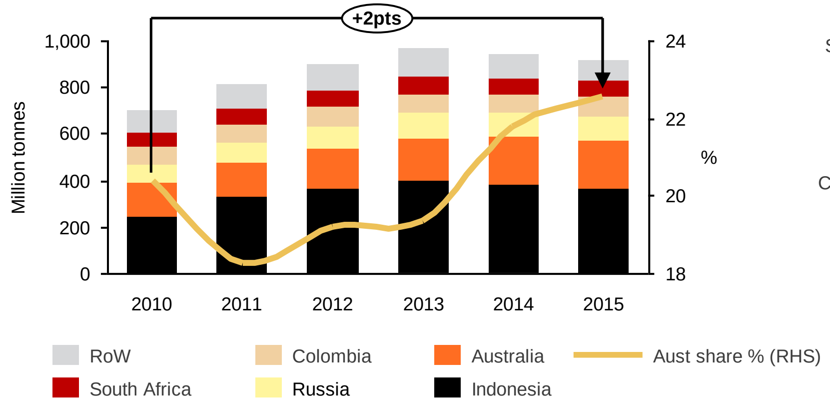
Metallurgical coal seaborne exports
Volume and market share, calendar years



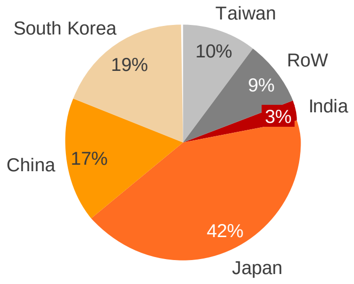
Australia's metallurgical coal exports by destination (CY15)



Thermal coal seaborne exports
Volume and market share, calendar years



Australia's thermal coal exports by destination (CY15)



- **Australian volume resilient to date** with 2015 export volume broadly steady on the previous year despite weaker global demand
- Lower coal exports to China was offset by strength from alternate end markets in 2015. Australia exported **record high annual volume** to each of Japan, South Korea, Taiwan and India in the year
- Australian metallurgical coal supply dominance was reinforced as seaborne **market share is expected to have increased** to 65%, up 3ppt. Similarly, seaborne thermal coal market share is expected to have increased to over 22%, up 1ppt
- Australian coal supply has responded to a challenging price environment with **ongoing unit cost reduction**, further improving position on seaborne cost curves
- Over the twelve months to November 2015, Wood Mackenzie estimates that **Australian export coal mine cash costs declined 27% and 24%** (USD basis) for metallurgical and thermal coal mines respectively

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Source: Wood Mackenzie Coal Markets Tool (2016), Australian Bureau of Statistics, Wood Mackenzie Coal Costs Benchmarking (November 2014 and November 2015)

V. Aurizon Network:

1H Results

Below rail highlights

EBIT uplift driven by higher revenue based on UT4 Consolidated Draft Decision

Revenue	› Increased 10% to A$581m with revenue based on Consolidated Draft Decision (CDD) from December 2015
EBIT (underlying)	› Increased 12% (A$27m) to A$245m, 61% of the group result ➢ Operating costs flat and depreciation increased 18% (A$19m) on commissioning of WIRP › EBIT expected to be similar in 2HFY16 – WIRP revenue deferral and final UT4 revenue outcome yet to be determined
Operational Performance	› Performance to Plan improved 3.2ppts to 92.7% - improved maintenance processes driving reduction in speed restrictions and Network caused delays and cancellations, facilitating Above Rail improvements › Technology to further improve planning and scheduling, facilitating Above Rail productivity improvements › All time Goonyella system tonnage record January 2016
RAB	› RAB post WIRP at 30 June 2016 estimated to be A$5.6bn[1], 86% increase since IPO › ~A$0.9bn WIRP fully commissioned, 2.9mt railed to date
UT4	› UT4 final decision delayed until April 2016, any revenue adjustments unknown until then › QCA draft proposes WIRP revenue to be deferred › WIRP fee – ongoing consultation with customers on outstanding issues

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[1] Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

Aurizon Network: Profit & loss - underlying

A$m	1H		Variance fav / (adv)	2H
	FY2016	FY2015		FY2015
Tonnes (Million)	114.0	114.7	(1%)	111.0
NTKs (Billion)	28.9	28.4	2%	27.8
Revenue - Access	560	501	12%	547
- Services	2	6	(67%)	7
- Other	19	23	(17%)	24
Total Revenue	**581**	**530**	**10%**	**578**
Operating costs	(211)	(206)	(2%)	(203)
EBITDA	**370**	**324**	**14%**	375
EBITDA margin	63.7%	61.1%	2.6 ppt	64.9%
Depreciation and amortisation	(125)	(106)	(18%)	(109)
EBIT	**245**	**218**	**12%**	266
Operating Ratio	57.8%	58.9%	1.1 ppt	54.0%

- Revenue increased 10% due to regulatory revenue yield increasing as revenue aligns with the QCA's UT4 Consolidated Draft MAR position
- Double digit growth in Segment EBIT from strong revenue growth and strong cost management
- Statutory NPAT increased 12% primarily driven by higher revenues
- Operating Costs in nominal terms increased 2.4% from H1 FY2015 primarily driven by increased Traction Costs partially offset by the capitalisation of rail renewal spend
- Operating Ratio improved 1.1% driven by higher revenue yields whilst operational costs (excluding depreciation) remained flat on an NTK basis
- Volumes railed over the CQCN declined 1% increase from H1 FY2015

Aurizon Network volumes (mt)[1]

	1H		Variance fav / (adv)	2H
	FY2016	FY2015		FY2015
Newlands	6.1	8.0	(24%)	6.6
Goonyella	59.8	60.1	(0%)	59.6
Blackwater	30.8	32.5	(5%)	30.3
Moura	6.5	6.5	0%	5.7
GAPE	7.9	7.6	4%	7.8
WIRP	2.9	-		0.9
Total	114.0	114.7	(1%)	110.9
Average haul length[2] (kms)	253	247	2%	251
NTKs (bn)	28.9	28.4	2%	27.8
Access Revenue/NTK (A$/000NTK)	19.4	17.6	10%	19.7
Maintenance/NTK (A$/000 NTK)	2.8	2.4	(17%)	2.6
Opex/NTK (A$/000 NTK)	11.6	11.0	(6%)	11.2

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1. Represents Aurizon Network Billed Coal Volumes which is inclusive of all Above Rail operators railings across the Central Queensland Coal Network
2. Defined as NTK/Net Tonnes

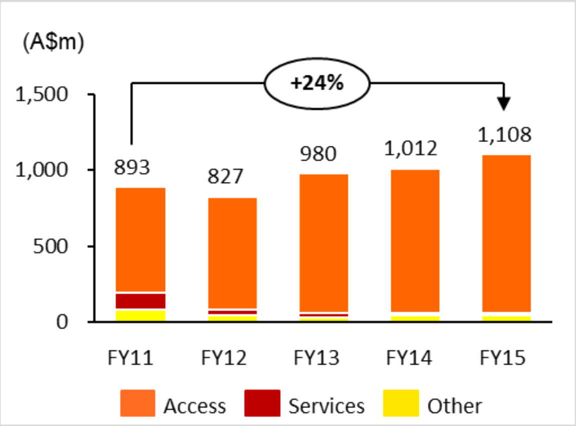
Aurizon Network balance sheet

As at (A$m)	31 Dec 2015	30 June 2015
Total current assets	282	376
Property, plant & equipment	5,407	5,360
Other non-current assets	116	75
Total assets	**5,805**	**5,811**
Other current liabilities	(223)	(269)
Total borrowings	(2,973)	(2,935)
Other non-current liabilities	(789)	(794)
Total liabilities	**(3,985)**	**(3,998)**
Net assets	**1,820**	**1,813**
Gearing (net debt/net debt + equity)	**62.0%**	**60.9%**

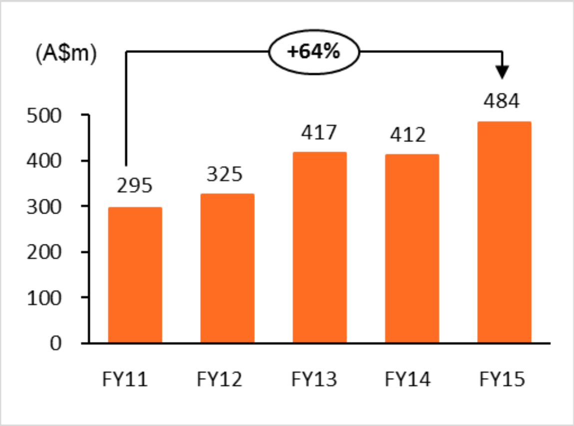
- Decrease in total current assets primarily due to a A$113m decrease in cash holdings, which were higher at year end to ensure that liquidity metrics were maintained
- Increase in PP&E due to significant program of capital works undertaken during the fiscal year
- Increase in Other Non-Current Assets due to recognition of derivative financial instruments and increase in intangible assets from investment in new IT Systems
- Reduction in Other current liabilities primarily due to reduction in growth capex
- Borrowings increased to fund the completion of the WIRP Project
- Book Gearing increased 1.1% due to growth capex being funded from borrowings

Aurizon Network: Key financial metrics

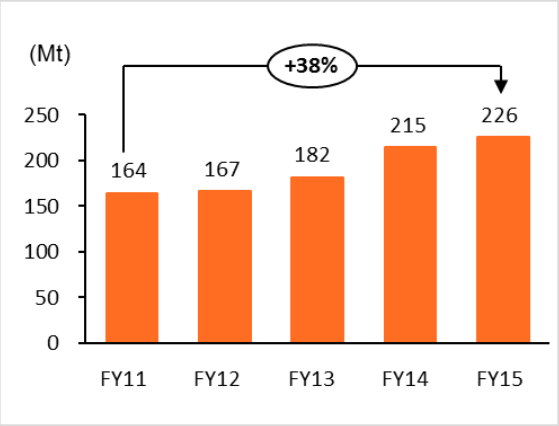
Revenue



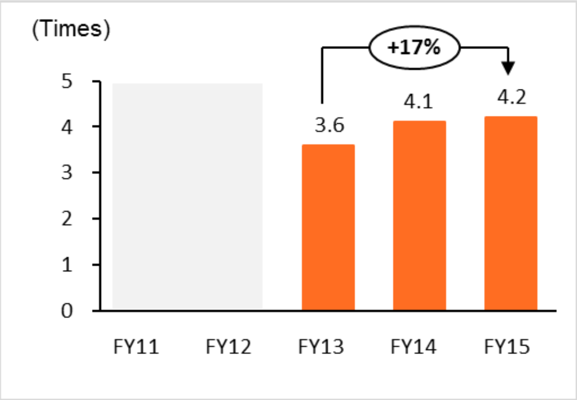
EBIT



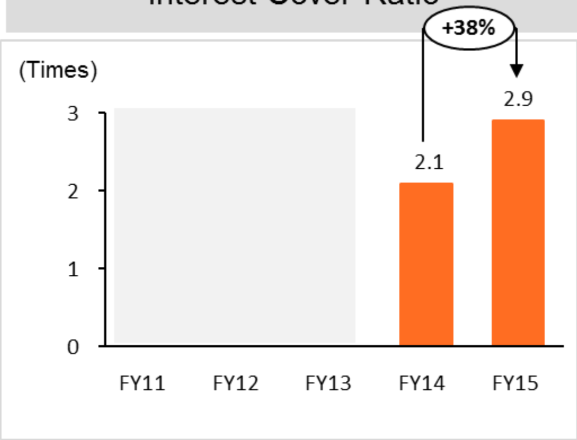
Volumes



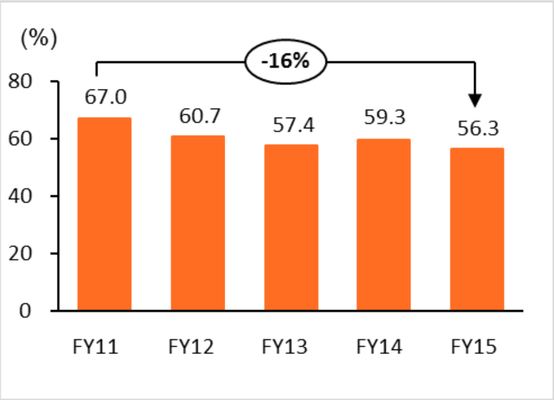
Net Debt/EBITDA



Interest Cover Ratio



Operating Ratio



1. Source: http://www.aurizon.com.au/investors/overview/ Historical Financials to 31 December 2015

Appendix I: Aurizon Group:

1H Results

Group highlights: 1H FY2016

Safety	› ZERO LTIFR, a first for Aurizon. TRIFR increased 25% versus 2HFY2015
Results	› Revenue down 11% to A$1.76bn, underlying EBIT down 17% to A$403m › Excluding previously announced items, revenue down 4%, underlying EBIT down 2% against 5% volume decline › Statutory NPAT A$108m loss reflects A$426m asset impairments including A$174m relating to West Pilbara (project costs and Aquila investment) › Interim FY2016 dividend of 11.3 cps (70% franked), up 12%
Operating Ratio	› 1HFY2016 77.1%, impacted by fixed costs on lower revenue › FY2016 target unlikely to be met, FY2017 target challenging › FY2018 target remains 70% underpinned by transformation, assuming volumes consistent with FY2016
Transformation	› A$56m benefits delivered in 1HFY2016, A$308m since July 2013 › FY2016-2018 transformation target set at A$380m, with further initiatives being identified to accelerate program
Capital Investment	› Capex spend reduced A$150-200m in next eighteen months
Shareholder Returns	› Continue strategy to return surplus funds to shareholders › Dividend payout ratio of 100% maintained, applied to underlying NPAT › 41% of current buy-back completed to date, 64m shares outstanding

Group financial highlights

A$m	1HFY2016	1HFY2015	Variance
Revenue	1,758	1,965	(11%)
EBIT – underlying[1]	403	486	(17%)
EBIT – statutory	(23)	486	(105%)
NPAT – underlying[2]	237	308	(23%)
NPAT – statutory	(108)	308	(135%)
EPS (cps) – underlying	11.2	14.4	(22%)
EPS (cps) – statutory	(5.1)	14.4	(135%)
DPS[3] (cps)	11.3	10.1	12%

- Sale of Redbank and impact of expired revenue contracts in FY2015 and 5% volume decline in 1HFY2016
- Includes A$16m one off cost of employee shares and A$18m QNI debt provision
- Operating costs decreased 12% with transformation benefits of A$56m and A$30m reduction in fuel price
- Depreciation increased A$27m or 11% on commissioning of WIRP, Hexham and Rolleston
- WIRP revenue deferred pursuant to CDD
- Statutory EBIT includes A$426m of impairments for investment in associates, major projects and other assets
- Dividend up 12%, based on payout ratio of 100% of underlying NPAT

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1. Underlying EBIT excludes significant items of A$426m (1HFY2015 A$nil)
2. Underlying NPAT excludes significant items of A$345m (1HFY2015 A$nil)
3. Difference between EPS of 11.2c and DPS of 11.3c is due to impact of weighted average shares in the EPS calculation. DPS uses actual share count at 31 December 2015

Appendix II: Capital Overview

Aurizon Network: Capital program delivery

Wiggins Island Rail Project (WIRP)	› WIRP is the staged development of new rail lines and upgrading of existing lines to service the new Wiggins Island Coal Export Terminal at the Port of Gladstone › Commenced: FY2012 › All rail infrastructure required for the railings to the Wiggins Island Coal Export Terminal was commissioned on 30 March 2015 › All remaining rail infrastructure was commissioned by December 2015
Hay Point Rail Expansion	› Construction of the Goonyella system expansion to support the Hay Point Port upgrade (a further 11mtpa, lifting the Goonyella system capacity to 140mtpa) has been completed › Commissioning of this infrastructure was reliant on the commissioning of the Wotonga Feeder Station which was completed in June 2014 and was connected to the Powerlink Network in July 2015 › The Hay Point Coal Terminal expansion was commissioned in September 2015 › Commenced: late 2011 › The total project spend has come in under budget at A$121m[1]
Rolleston Electrification	› Scope of work includes 5km of additional electrification (Kinrola line), 107km of electrification (Rolleston Line), Feeder Station and associated power systems infrastructure. Purpose is to harness the operational efficiency and cost benefits by enabling new high capacity electric trains to operate › Commenced: July 2013 and completed in December 2014 › First railings commenced on 15 December 2014 › The total project spend has come in under budget at A$150m[1]
Mechanised Fleet Upgrade	› Delivered and commissioned 24 MFS Spoil Management Wagons › Two High Production Tampers & Regulators delivered and commissioned into service

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1. Excludes capitalised interest

Aurizon Network: Capital expenditure

Major Growth Projects	Completion [1]	Construction Period (years)	Total Capital (A$m)	Capacity Increment (mtpa)	Notes
GAPE	January 2012	2.0	1,100	33	On time, on budget
WIRP	March 2015 / December 2015	4.0	799	27	On time, on budget
Hay Point (second road)[1]	April 2014	1.5	121	11	On time, under budget
Rolleston Electrification	December 2014	1.5	150	N/A[2]	On time, under budget

Capex (A$m)	FY2015	FY2016 – FY2018 Expected	Projected
Growth	281	~80[3]	No major projects committed beyond the above at this date
Sustaining	288	~800[4]	~ 250 - 300[4] p.a.
Total	569	~880	~ 250 - 300[4] p.a.

- Network has strong capability in delivering major projects on time and on budget
- Capital expenditure to decline with no new growth projects committed at this point in time

---

1. Completion of Aurizon Network works
2. Electrification works only – No increased capacity
3. The majority of this expenditure is on existing projects such as WIRP and GAPE
4. Excludes Rail Renewals

Wiggins Island Rail Project (WIRP)

- WIRP is a project designed to link mines in the Southern Bowen Basin with the new Wiggins Island Coal Export Terminal (WICET) at the Port of Gladstone and will increase the total capacity of the Moura and Blackwater systems by 27mtpa (30%). Total estimated spend of A$0.8bn[1]
- The first rail works were commissioned in March 2015, with the commencement of export coal railings in May 2015
- The remaining rail works were completed and fully commissioned by December 2015
- Draft pricing for the regulated tariff was released 31 July 2015. WIRP Moura and Blackwater Revenues will be socialised within their existing systems with Moura and Rolleston WIRP traffic subject to a system premium, and all other WIRP traffic paying the respective system tariff. During the remaining UT4 period the QCA has decided that WIRP regulatory revenues will ramp-up in line with the WIRP contracts. This approach was reconfirmed in the QCA's UT4 Consolidated Draft Decision of December 2015 (UT4 CDD)
- Subject to QCA approval, the WIRP capital expenditure claim will be submitted for inclusion in the Regulated Asset Base (RAB) in two tranches:
  - The commissioned capital spend up to and inclusive of FY2015 in the FY2015 capital claim for inclusion in the FY2015 RAB
  - The remaining capital spend to be included in the FY2016 capital claim for inclusion in the FY2016 RAB
  - The QCA has proposed in its UT4 CDD that a portion of the WIRP Blackwater capital expenditure be deferred until the commencement of railings

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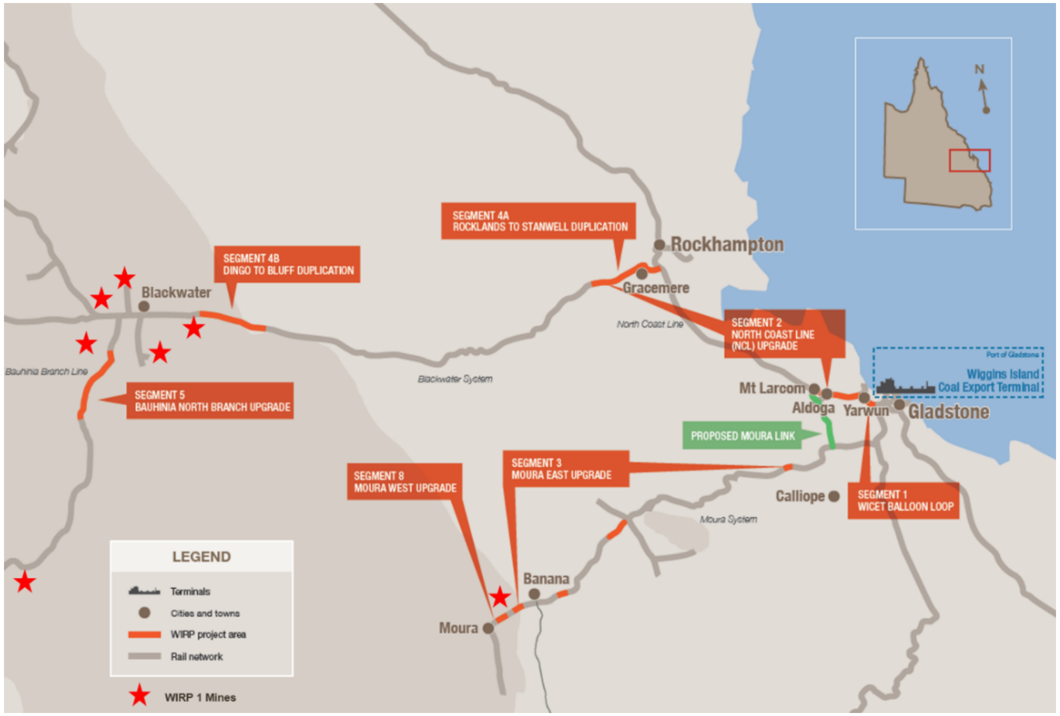
1. Excludes capitalised interest of A$0.1bn

WIRP fast facts

- Wiggins Island Rail Project (WIRP) Stage 1 will facilitate transport of 27mtpa of coal to the new Wiggins Island Coal Export Terminal (WICET)
- 33% increase in export tonnage transported in the Blackwater and Moura systems (81mtpa to 108mtpa)
- A\$0.8bn[1] investment in new and upgraded infrastructure in the Blackwater and Moura systems
- The cope of works has been divided into 6 segments



Customer	Mine	mtpa
Aquila	Eagle Downs	1.6
Bandanna[2]	Springsure Creek	4.0
Caledon	Cook	4.0
Cockatoo[2]	Baralaba	3.0
New Hope Coal	Colton	0.5
Wesfarmers	Curragh	1.5
Yancoal	Yarrabee	1.5
Glencore	Rolleston	10.9
TOTAL STAGE 1[3]		27 mtpa

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1. Excludes capitalised interest of A\$0.1bn
2. Currently in Voluntary Administration
3. Source: WICET / Company Annual Reports / Aurizon Market Intelligence

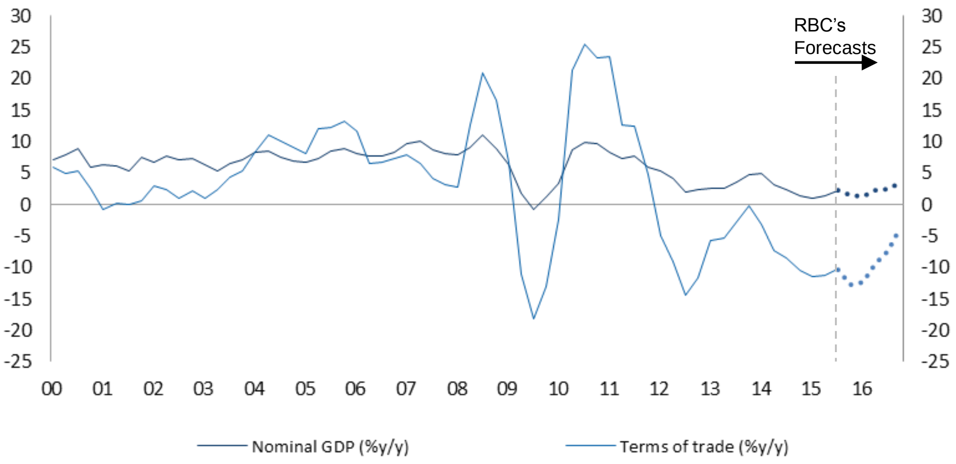
Appendix III: Australian Economic Outlook

RBC Capital Markets

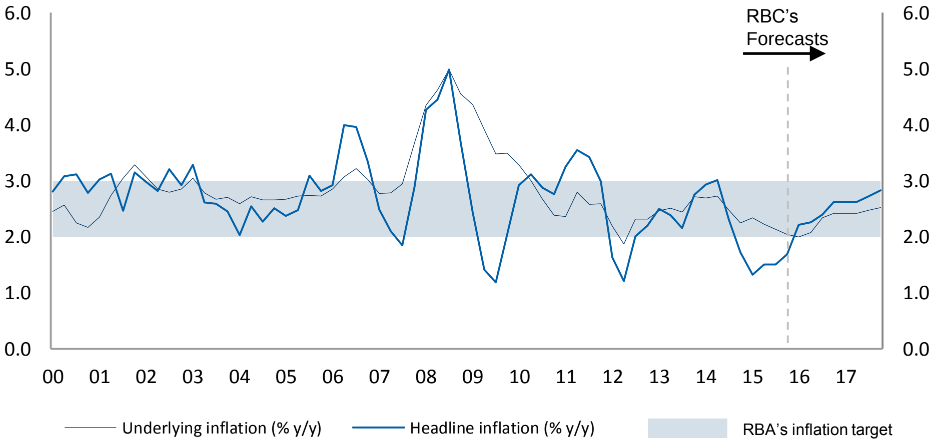
GDP growth subdued but positive with further growth forecast

RBA able to act with conventional tools if conditions deteriorate

GDP growth dependent on terms of trade but remains positive

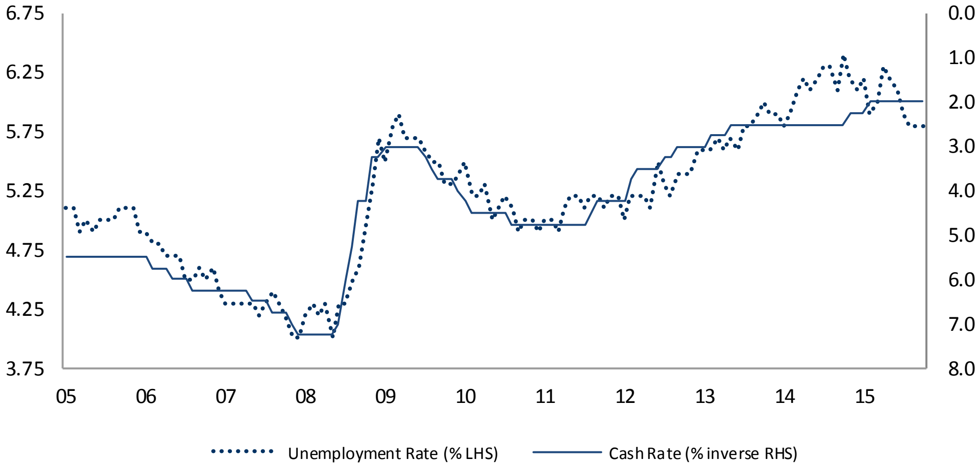


Underlying inflation well under control



- While GDP growth has fallen in recent years, overall the Australian growth story has remained resilient in the face of serious headwinds
- RBA forecasts that growth will return to 3-4% over the course of the next 2 years
- Inflation has remained largely within target and is forecast to continue despite the sharp fall in the Aussie dollar
- This give the RBA flexibility to cut rates if unemployment or growth were to disappoint
- With RBA cash rate at 2% some room remains for conventional monetary easing

RBA retains room to cut if unemployment increases

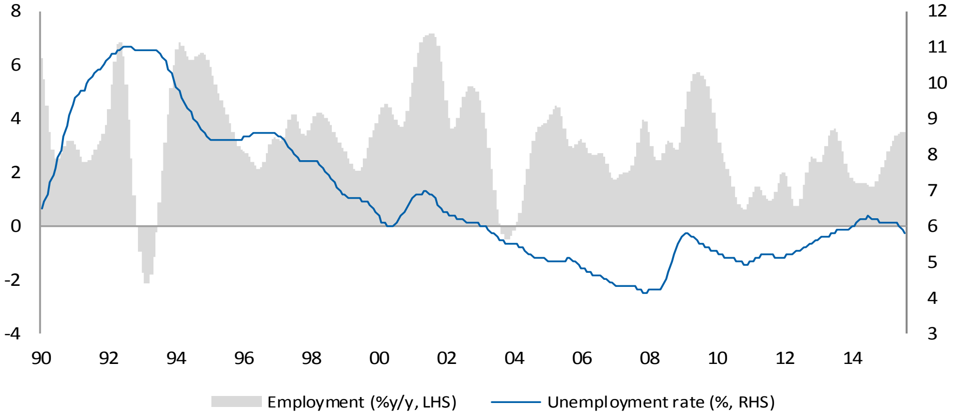


Source: ABS, RBC Capital Markets

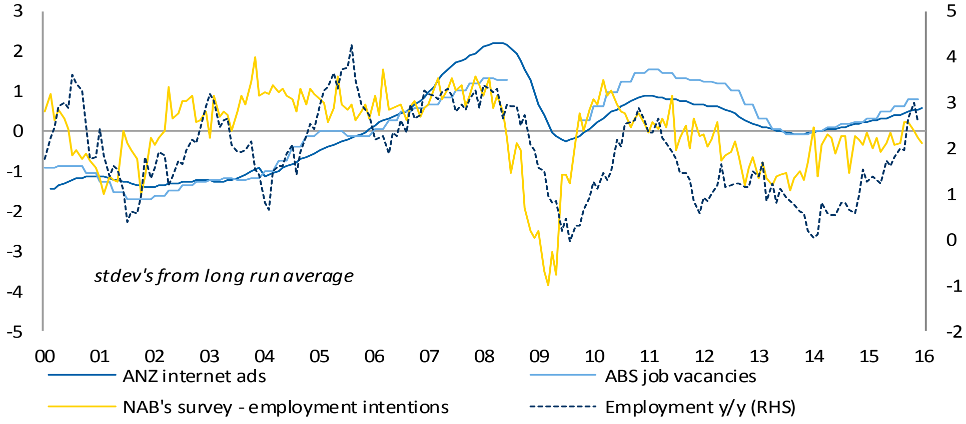
Labour market proving resilient, rebalancing away from mining

The suite of labour market indicators are mixed but stronger than we expected

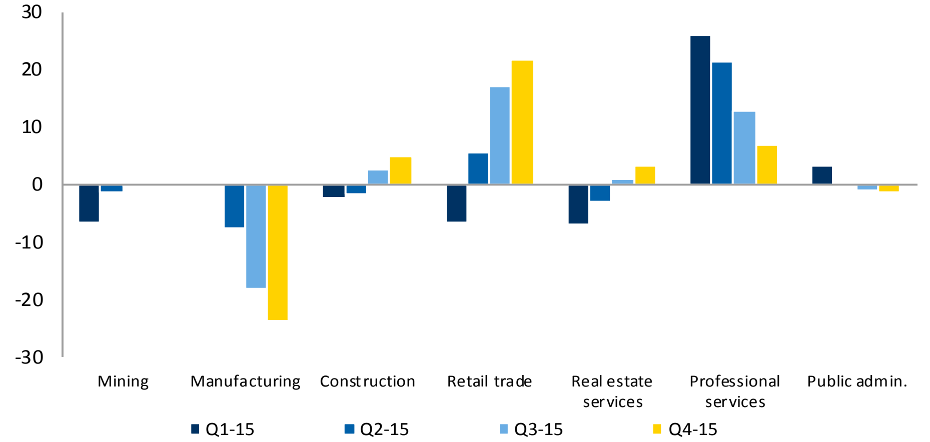
Strong growth in employment, unemployment rate stable to dropping



Vacancy measures rising



Health, education dominate job creation



- Australian labour market very firm with unemployment falling and strong job creation in 2015-16
- Job vacancies climbing and employment intentions survey trending up
- Strong growth in non-mining/manufacturing employment with retail and professional services enjoying weaker dollar
    - Tourism and education key beneficiaries making up 15% of Australia’s exports
- Labour market a key factor in keeping the RBA from cutting the cash rate in the near term

Source: ABS, ANZ, NAB, Haver

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Appendix IV: Definitions

Definitions

Defined Term	Definition
Access Revenue	Amount received for access to the Network infrastructure under the Access Agreement
Average haul length	NTK/Total tonnes
Contract utilisation	Total volumes hauled as a percentage of total volumes contracted
CQCN	Central Queensland Coal Network
dGTK	Diesel fuel used per Gross tonne kilometre. GTK is a unit of measure representing the movement over a distance of one kilometre of one tonne of vehicle and contents including the weight of the locomotive & wagons
DTC	Deficit Tonnage Charge. A form of protection for the Above Rail coal business, whereby the Group is able to recover extra charges where the revenue receivable, based on tonnage hauled and agreed price, falls below minimum levels set in contractual arrangements with customers
Footplate hours	A measure of train crew productivity
Free cash flow	Net operating cash flows less net cash flow from investing activities. Interest payments have been classified as Financing and Investing Activities rather than Operating activities.
FTE	Full Time Equivalent - The number of unique employee positions filled by all Aurizon employees (excluding contractors/consultants) as at period end. The NTK/Employee metric for the half year is annualised for comparative purposes and uses period-end FTE
GAPE	Goonyella to Abbot Point Expansion
Gearing	Net debt/(net debt + equity)
Gross Contracted NTKs	Gross contracted tonnages multiplied by the loaded distances (calculated on a contract by contract basis)
Maintenance	Maintenance costs exclude flood repairs, mechanised ballast undercutting, derailment repairs and electric traction maintenance
MAR	Maximum Allowable Revenue that Aurizon Network Pty Ltd is entitled to earn from the provision of coal carrying train services in the CQCN
mtpa	Million tonnes per annum
New Form contract	New form contracts provide substantial improvements in commercial terms including pricing (minimum weights and escalation), capacity charges, fuel and access pass through provisions as well as performance bonuses & penalties
NTK	Net Tonne Kilometre. NTK is a unit of measure representing the movement over a distance of one kilometre of one tonne of contents excluding the weight of the locomotive and wagons
Operating Ratio	1 – EBIT margin. Operating ratio calculated using underlying revenue which excludes interest income & significant items
Opex	Operating expense including depreciation and amortisation
ROIC	Return on Invested Capital. Rolling 12-month underlying EBIT/(Net PP&E including assets under construction + Investments accounted for using the equity method + current assets less cash, less current liabilities + net intangibles)
ToP	Take-or-Pay. Contractual ToP provisions entitles Aurizon Network to recoup a portion of any lost revenue resulting from actual tonnages railed being less than the regulatory approved tonnage forecast
TSC	Transport Services Contract entered into between the Queensland State Government and Aurizon for the provision of regional freight and livestock services
Turnaround time	The average hours between when a train departs its origin empty to its next departure time
Underlying	Underlying earnings is a non-statutory measure and is the primary reporting measure used by Management and the Group's chief operating decision making bodies for the purpose of managing and determining financial performance of the business. Underlying results differ from the Group's statutory results. Underlying adjusts for significant/one-off items
VRP	Voluntary redundancy program
WACC	Weighted average cost of capital
WIRP	Wiggins Island Rail Project

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