Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

17 August 2015

Aurizon – Full year results presentation

Please find attached the Company's full year results presentation for immediate release to the market.

The presentation will be delivered to an analyst and investor briefing which will commence at 10.15am (AEST). This briefing will be web-cast and accessible via the following link: http://edge.media-server.com/m/p/8qxo4awm

Kind regards

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VP & Company Secretary

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FY2015 Results

Lance Hockridge – MD & CEO
Keith Neate – EVP & CFO

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Year in review

Lance Hockridge - Managing Director & CEO

Key headlines – FY2015

Safety	› 43% improvement in LTIFR, 14% improvement in TRIFR
Results	› Revenue flat at $3.78bn › Underlying EBIT up 14% to $970m › Statutory NPAT up 139% to $604m (impact of VRP and impairment of $386m in FY2014) › ROIC up 0.9ppt to 9.7%, statutory EPS up 141% at 28.4cps
Operating Ratio	› 74.3% - ahead of 75% target › 70% OR target by FY2018
Transformation	› $252m in benefits delivered since 1 July 2013, $123m in FY2015 › Continuous improvement to drive future benefits across all functions
Capital Management	› Dividend payout ratio range lifted to 70-100% › Final FY2015 dividend 13.9 cents (based on 100% payout ratio), up 64% - 30% franked › Total FY2015 dividend 24.0 cents, up 45%
Growth	› WPIOP – initial tariff delivered, work has identified ~25% reduction in estimated capital construction costs › Moorebank – agreement with Government reached, negotiations with Qube ongoing
Enterprise Agreements (EA)	› Significant achievement in restructuring Queensland EAs covering ~5,000 employees › Staff EA approved and implemented effective 28 January 2015, positive ballot outcome on two remaining EAs, Fair Work Commission approval expected in the coming weeks

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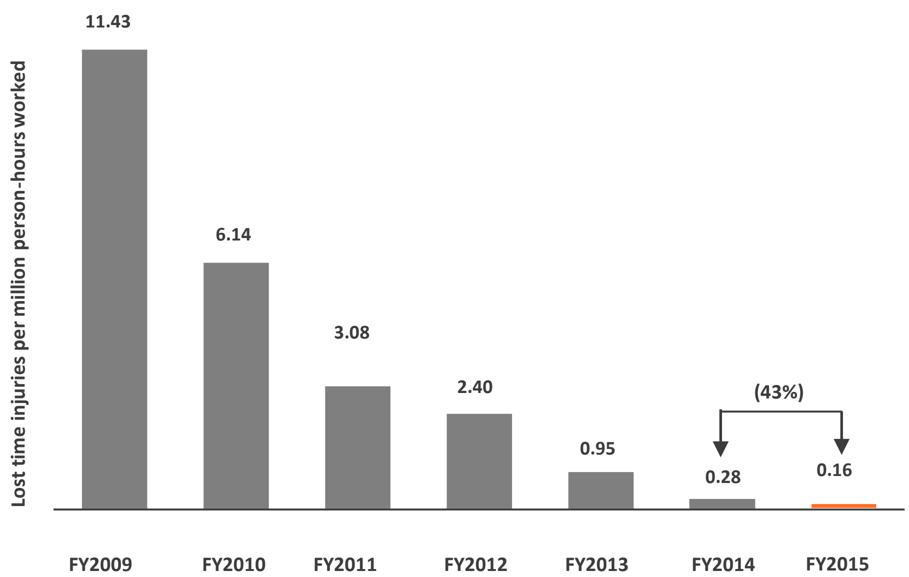
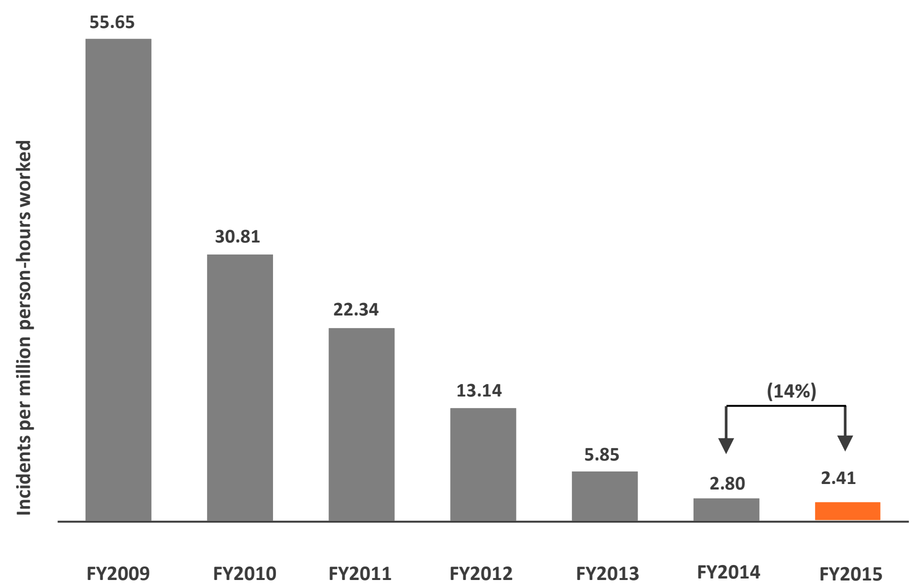
Safety performance, our target is ZEROHarm

Continued improvement in core safety indicators despite tragic road accident in Central Queensland in October 2014 which resulted in three fatalities - two Aurizon employees and one contractor. This incident reinforces the importance of our focus on safety.

Lost Time Injury Frequency Rate (LTIFR)[1]



Total Recordable Injury Frequency Rate (TRIFR)[1]



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1. LTIFR & TRIFR includes employees only and does not include contractors

Key financial and operational highlights

$m	FY2015	FY2014	Variance
Revenue	3,780	3,822	(1%)
EBIT (underlying)	970	851	14%
EPS[1] (cps) (underlying)	28.4	24.5	16%
Final dividend (cps)	13.9	8.5	64%
Operating Ratio (underlying)[2,3]	74.3%	77.7%	3.4ppt
ROIC[4]	9.7%	8.8%	0.9ppt
Revenue / NTK ($/000 NTK)	52.2	51.7	1%
Labour Costs / Revenue[5]	25.7%	27.1%	1.4ppt
NTK / Employee (FTE) (MNTK)	10.5	9.8	7%
Tonnes (m)	282.8	286.6	(1%)

Continued profit growth despite flat volumes

- Flat above rail volumes, lower pass through fuel revenue
- Strong Network performance with uncapped revenue and record tonnage meeting customer demand
- $123m in transformation and productivity improvement
- No underlying adjustments in FY2015, statutory EPS up 141%
- FY2015 final payout ratio of 100%, full year 85%
- Increases in Coal and Iron Ore partly offset by Freight
- Improvement in core metrics with 9% reduction in FTE

Note: Refer slide 72 for definitions

1. EPS calculated on weighted average number of shares on issue 2,129m in FY2015 and 2,137m in FY2014
2. OR for remuneration purposes (Including diesel fuel rebate as revenue) was 75.0%
3. Profit/loss on sale of assets included in OR is consistent with prior years
4. ROIC for remuneration purposes (adjusted to exclude major projects under construction with a value greater than $250m) was 10.4%
5. Excludes $36m of Voluntary Redundancy Program (VRP) costs in FY2015 – same calculation basis as FY2014

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FY2015 achievements create platform for future

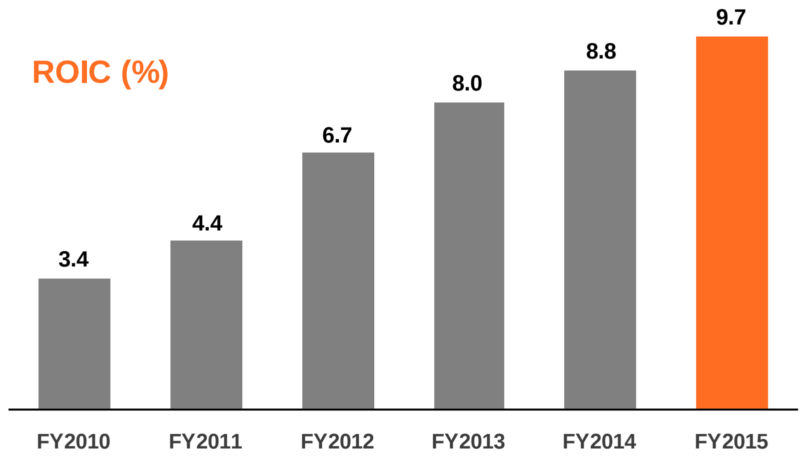
ROIC of 9.7% (+0.9ppts) and OR of 74.3% (-3.4ppts) in FY2015

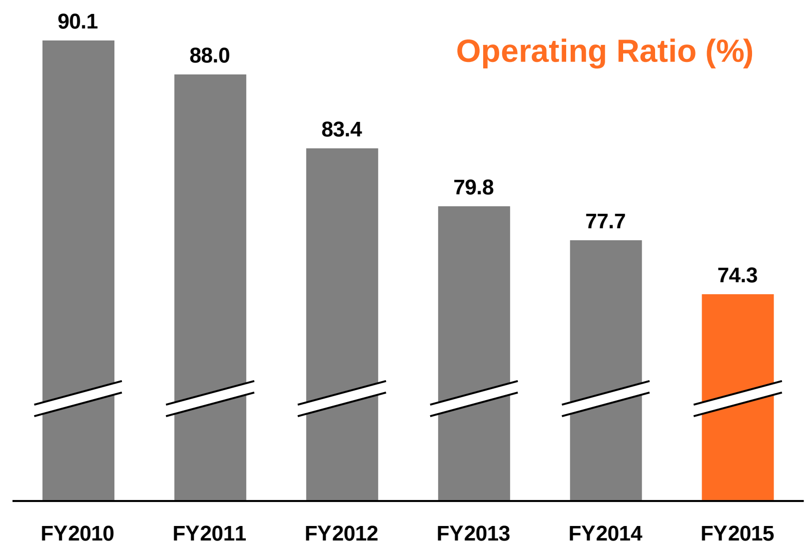
Improvements since IPO despite above rail volumes being well below original forecasts

Driven by a more commercial, disciplined approach and generating $252m in transformation benefits since 1 July 2013

› $123m of benefits in FY2015
  › Operations - $99m
  › Corporate support - $24m
› Net costs to deliver of $56m in FY2015:
  › VRP - $36m
  › Non-VRP costs - $20m
› Future enterprise targets achieved through continuous improvement
  › Corporate support to achieve $100m benefits by FY2016
  › Operations to accelerate – EA a key enabler
  › 70% OR by FY2018
  › Further details to be provided at Investor Day on 7 October 2015

Future targets	OR[1]	ROIC[1]
FY2016	73%	Average 10.5% FY2015-2017
FY2017	71.5%	
FY2018	70.0%	Average 10.5% FY2016-2018





1. Based on executive remuneration targets. Invested capital excludes major (approved budgeted capital expenditure over $250m) infrastructure investments until these investments are planned to generate income

Other key matters

Queensland Enterprise Agreements (EA) update

- Significant achievement in restructuring EAs after more than two years of protracted negotiations
- Fair Work Commission (FWC) made an order to terminate remaining legacy Queensland EAs on 22 April 2015. Subsequently, bargaining re-commenced for two proposed EAs covering Train Crew and Transport Operations and Construction and Maintenance employees
- Successful ballot outcomes achieved post year end, with approval from FWC expected in the coming weeks
  - Positive ballot outcome for Construction and Maintenance EA on 15 July 2015 (~1,500 employees)
  - Positive ballot outcome for Train Crew and Transport Operations EA on 27 July 2015 (~1,700 employees)
- Staff EA was approved and implemented effective 28 January 2015 (~1,400 employees)
- EAs to enable next phase of continuous improvement journey for Aurizon e.g. removal of potential costs associated with up to 170 EIT[1] due to Redbank closure in FY2016
- EAs deliver to employees 4% pa base pay increases over three years in exchange for significant improvements in productivity

Network Regulation (UT4) update

- Queensland Competition Authority (QCA) published its draft decision on Aurizon's Maximum Allowable Revenue (MAR) on 30 September 2014 – the final decision will determine Aurizon Network's regulated revenues for the period FY2014-FY2017, including reconciliation of transitional tariffs in place for FY2014 and FY2015
- QCA is expected to publish its final decision on UT4 in October 2015, which will include all pricing and policy matters
- QCA has approved tariffs for FY2016 (up to 28 February 2016) based on the UT4 draft decision. Final tariffs will be determined in the UT4 final decision
- Draft WIRP pricing decision released in July with socialisation and revenue profile consistent with contracted ramp-up proposed and no standalone RAB. Final pricing decision will be incorporated into the UT4 final decision
- FY2015 Network earnings based on transitional tariffs and actual volumes as approved by the QCA i.e. access revenues are not capped as they were in FY2014

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1. Employees in Transition

Results analysis

Keith Neate – EVP & CFO

Key financial highlights

$m	FY2015	FY2014	Variance
Revenue	3,780	3,822	(1%)
EBIT – underlying	970	851	14%
EBIT – statutory	970	465	109%
NPAT – underlying	604	523	15%
NPAT – statutory	604	253	139%
EPS (cps) – underlying	28.4	24.5	16%
EPS (cps) – statutory	28.4	11.8	141%

- Revenue was flat due to flat above rail volumes and low fuel prices
- Network earnings growth and transformation delivered a 14% improvement in underlying EBIT
- Statutory EBIT increased 109% and statutory NPAT increased 139% - impact of impairments ($317m) and VRP costs ($69m) in FY2014
- No underlying adjustments in FY2015, despite incurring $36m in VRP costs and $15m non cash impairment for Galilee Basin greenfield costs

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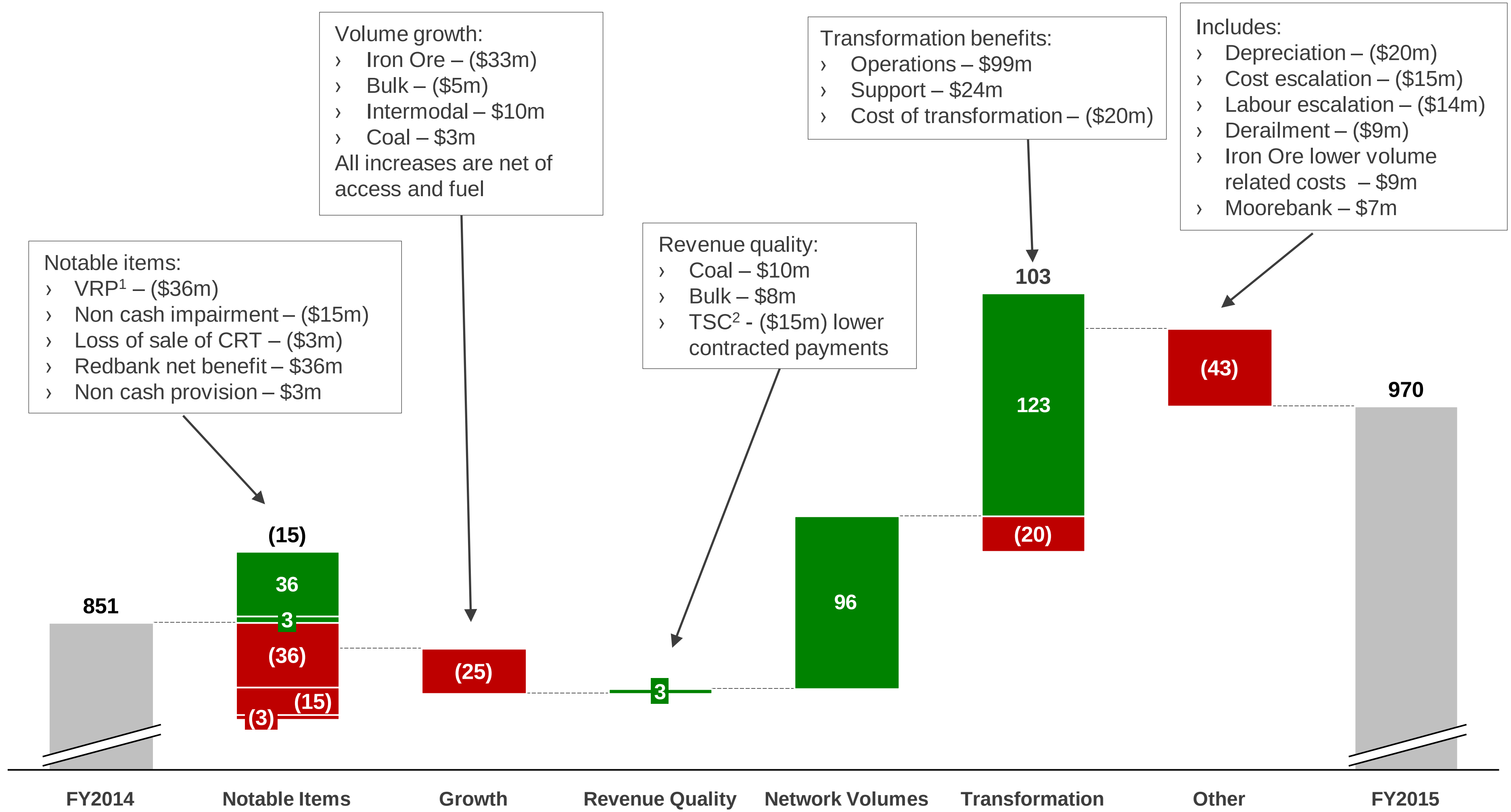
FY2015 vs FY2014 underlying EBIT bridge



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1. Voluntary Redundancy Program
2. Transport Services Contract

Underlying EBIT by function[1]

$m	FY2015	FY2015		FY2014	Variance
		2H	1H		
Network	484	266	218	412	17%
Commercial & Marketing	3,079	1,484	1,595	3,134	(2%)
Operations	(2,527)	(1,205)	(1,322)	(2,599)	3%
Other[2]	(66)	(61)	(5)	(96)	31%
Group	**970**	**484**	**486**	**851**	**14%**

Key drivers of Group performance:

- Network revenue uncapped, based on transitional tariffs and actual volumes
- Flat above rail volumes with marginal coal growth offset by lower freight and iron ore and lower fuel revenue
- Transformation benefits and lower fuel price offset by increase in access costs
- Net benefit on sale of Redbank $36m

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1. Please refer to slide 47 for "underlying EBIT by segment" under prior reporting regime
2. Other reflects unallocated support costs

Key FY2015 drivers

Network	Commercial & Marketing	Operations	Other
› Underlying EBIT up $72m (+17%) › Revenue increased $96m or 9%, based on actual volumes and transitional tariffs (not capped) › Opex increased $7m or 2% compared to volume growth of 5% due to cost control › Depreciation increased $17m or 9% due to, asset renewals and part commissioning of WIRP › Actual access revenues broadly consistent with draft UT4 revenue outcome › Achieved record railings across the CQCN of 226mt, 5% increase	› Underlying EBIT down $55m (-2%) › Freight revenue (-$110m) – sale of CRT, lower fuel revenue and lower TSC payments partly offset by increased intermodal revenue (mix) › Iron ore revenue (-$40m) – 14% volume decline due to end of two contracts › Coal revenue (+$30m) – increase in below rail revenue due to uncapped Network volumes partly offset by lower above rail revenue (lower fuel and incentives) › $65m improvement in operating costs and depreciation – CRT disposal	› Underlying EBIT up $72m (+3%) › Revenue decreased $4m with lower QR maintenance volumes partly offset by an increase in rollingstock sales › Operating costs (excluding access but including depreciation) decreased $133m reflecting $115m of transformation benefits ($99m core operations and $16m from central support) and $70m benefit from lower fuel price partly offset by $30m in VRP costs and $22m in labour and consumables escalation › Access costs increased $57m due to uncapped Network revenue	› Underlying EBIT up $30m (+31%) › Revenue increased $29m due to net benefit from asset sales (Redbank and CRT) › Operating costs and depreciation improved $1m with $8m of transformation benefits, $11m of lower project costs and tighter discretionary spend partly offset by $15m non-cash impairment of greenfield Galilee costs and $3m of VRP costs

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Please refer to Appendix 4E for additional information

Continued improvement in core operational drivers

	Metric		FY2015	FY2014	Variance
Opex	Net operations Opex[1]/NTK ($/'000 NTK)		34.9	35.2	1%
	Net operations Opex/NTK (ex-access)[2]($/'000 NTK)		21.5	22.8	6%
Production	Net tonne kilometres (bn)		72.4	73.9	(2%)
	Tonnes (m)		282.8	286.6	(1%)
People	Full time equivalents (FTE)[3] (Ops)	Monthly	5,403	5,666	5%
	NTK/FTE[4]		13.4	13.0	3%
Fleet	NTK/Active loco	Monthly	10.33	9.59	8%
	NTK/Active wagon	Monthly	0.43	0.41	5%
Productivity & efficiency	Average Payload Coal (tonnes)[5]	Monthly	8,188	7,920	3%
	Turnaround time – CQCN (hrs)	Monthly	25.10	25.43	1%
	Fuel consumption (l/dGTK)		3.19	3.27	2%

- Improvement in Opex/NTK (ex access) despite lower volumes due to ongoing transformation benefits and lower fuel price
- 5% reduction in FTE and improvement in employee productivity through reduction in maintenance employees associated with the termination of the Queensland Rail contracts; improvements in crew productivity through reduction in train starts and shift lengths and ongoing organisational reform in technical, office support and project based roles
- Significant improvement in loco and wagon productivity through train service design changes and removal of surplus fleet
- Payload initiatives have been focused on longer trains in Blackwater, Newlands and Hunter Valley
- Fuel efficiency improvements driven by productivity improvement from consist design changes and implementing driver techniques such as notch limiting and idling initiatives

1. Operations underlying EBIT (i.e. expenditure net of revenue)
2. Excludes Access charges which are pass through costs and earnings neutral at Group level
3. Average monthly FTE
4. Annualised NTK using average monthly FTE
5. Coal Payload includes CQCN and Hunter Valley

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Cash flow summary

$m	FY2015	FY2014
EBITDA - statutory	1,489	964
Working capital & other movements	7	342
Cash from operations	**1,496**	**1,306**
Interest received	9	9
Income taxes received / (paid)	11	(124)
Net cash inflows from operating activities	**1,516**	**1,191**
Net cash outflow from investing activities	**(1,161)**	**(864)**
Net proceeds from borrowings	103	343
Payment for share buyback and share based payments	(81)	(24)
Interest paid	(128)	(90)
Dividends paid to company shareholders	(396)	(346)
Net cash outflow from financing activities	**(502)**	**(117)**
Net (decrease) / increase in cash	**(147)**	**210**

- FY2014 impacted by non-cash impairments, FY2015 underlying EBITDA increased 10%
- Net cash received due to tax effect of FY2014 impairments
- Acquisition of Aquila ($225m)
- Free cash flow (ex interest paid) $355m, 9% increase
- Increase in payout ratio to 70% in FY2015

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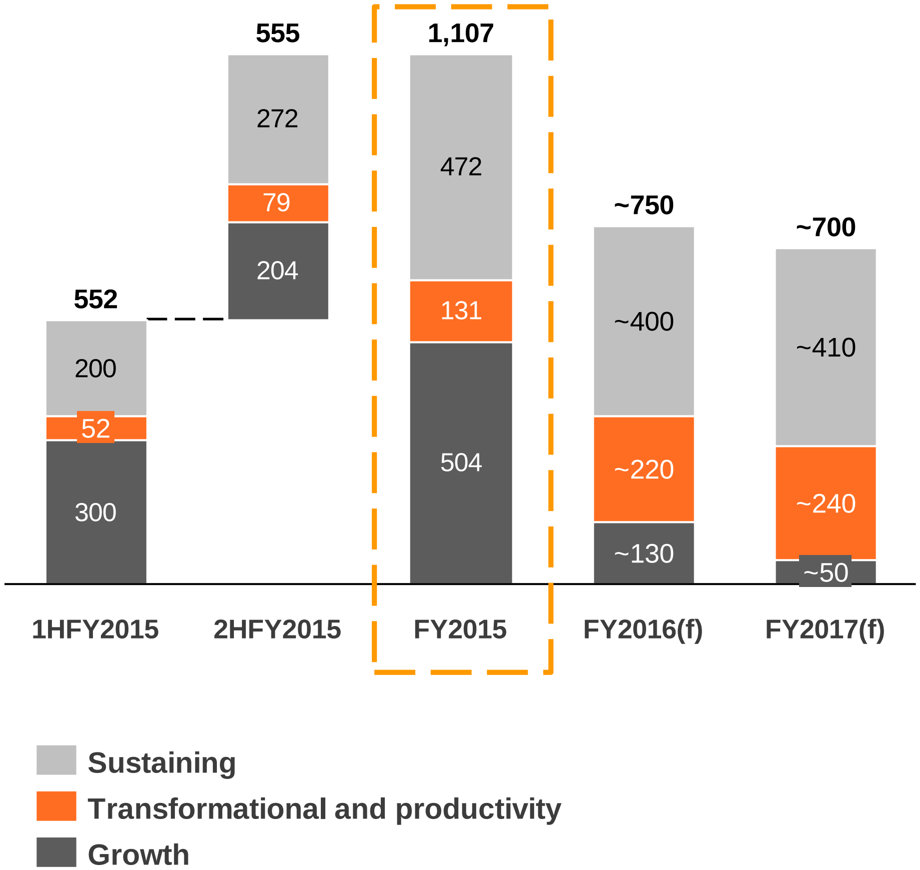
Capex update

Capital expenditure FY2015 – FY2017 ($m)[1]



- Capex spend for FY2015 in line with forecast at $1.1bn
- Forecast for FY2016 and FY2017 remains at $1.45bn, with marginal change in categories reflecting development of IOP and fleet planning
  - Growth spend deferred in line with slower ramp up of contracted Whitehaven tonnes
  - Transformation spend enhanced following strong initial results from Operations integrated technology roll out
  - Sustaining spend increased in FY2015 with delivery of high performance track maintenance equipment accelerated into FY2015 – this equipment enhances Network's ability to deliver increased volumes with a reduction in closure hours
- FY2018 capex expected to be lower than FY2017 reflecting slightly lower transformation and growth capex
- **Longer-term non-growth capex ~$500m - $600m per annum**

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1. Includes capitalised interest

Balance sheet summary

As at ($m)	30 June 2015	30 June 2014
Total current assets	934	1,314
Property, plant & equipment	9,900	9,441
Other non-current assets	502	193
Total assets	**11,336**	**10,948**
Other current liabilities	(845)	(852)
Total borrowings	(2,983)	(2,841)
Other non-current liabilities	(1,002)	(882)
Total liabilities	**(4,830)**	**(4,575)**
Net assets	**6,506**	**6,373**
Gearing (net debt/net debt + equity)	**30.2%**	**28.4%**

› High FY2014 cash on hand balance to fund purchase of Aquila in July 2014

› Capex spend on WIRP, Hexham, Rolleston

› Investment in Aquila ($225m)

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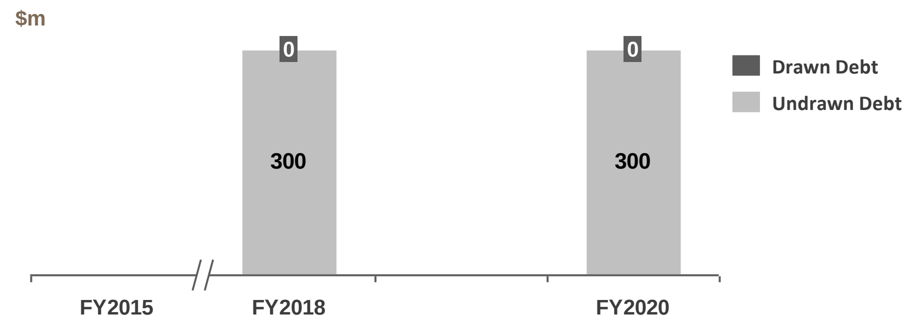
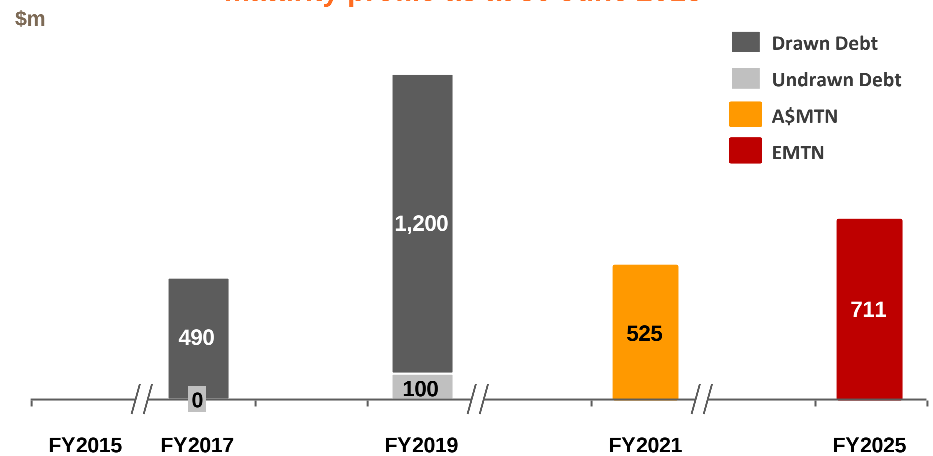
Debt summary

- Strong cashflow resulted in repayment of Group level revolving debt facilities, with all long term debt currently held in Aurizon Network
- Debt maturity profile average tenor increased to 4.3 years (FY2014 - 3.5 years)
- Liquidity at 30 June 2015 $1bn (undrawn facilities+ cash + working capital)
- Credit ratings unchanged at BBB+/Baa1
- Aurizon Network debut issuance in the European capital markets (10 year EUR 500m Medium Term Note) in September 2014. After swapping into A$, proceeds were used to repay bank debt
- Bank debt facilities repriced in December 2014 at reduced margins and maturity extended
- Further debt restructuring opportunities to be pursued as appropriate
- Interest cost on drawn debt was flat at 4.9%
- Group gearing increased to 30.2% (FY2014 – 28.4%)

Aurizon Group maturity profile as at 30 June 2015



Aurizon Network $2.926bn[1] long term debt maturity profile as at 30 June 2015



1. Refer slide 40 which reconciles between the cash basis disclosed above ($2,926m) and the fair value accounting basis in accordance with AASB 9 ($2,983m) as shown on the previous slide. This number excludes debt drawn under working capital facilities ($103m for Aurizon Group and $6m for Aurizon Network)

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Other – business update

Lance Hockridge – Managing Director & CEO

Aurizon's shareholder value focus

- **Achieved 75% OR target in FY2015 as foreshadowed at IPO on significantly lower volumes than originally forecast**
- **New Blueprint introduced that sets out the vision and roadmap to the future**
- **Priority remains to strengthen and grow the existing business by focusing on customers and driving productivity improvements**
  - Safety remains Aurizon's core value
  - New EAs will be a key enabler of continuous improvement across the business
  - Transformational capital to accelerate incremental returns e.g. technology investment, maintenance transformation
  - Primary financial target is ROIC – 10.5% minimum average to be achieved for FY2016-FY2018
  - OR targets remain challenging – 70.0% by FY2018
- **Capital management focus for Board and management**
  - Dividend payout ratio range increased to 70-100%, FY2015 final dividend based on 100%
  - Strengthened capital governance and allocation processes
  - Return of excess capital as business requirements allow
- **Delivering high value, strategic growth opportunities in general freight and bulk supply chains to diversify our portfolio, investment criteria remains:**
  - Alignment and fit to Blueprint
  - Return – risk vs. reward/internal hurdles and timing
  - Risk – strategic, operational, financial, legal and regulatory
- **Further details to be provided at Investor Day on 7 October 2015**

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Aurizon's Blueprint sets the vision and roadmap for the future

OUR VISION

To be a world leading rail-based transport business that partners with customers for growth.

OUR MISSION

We are an Australian rail-based transport business with a global orientation that creates value sustainably for our customers, shareholders, employees and the communities in which we operate.

OUR STRATEGY

To develop and operate multi-customer, rail-based, integrated supply chains. Our priority is to strengthen and grow our current business across all freight markets through a relentless focus on our customers and by improving productivity. We will diversify our portfolio by leveraging our capabilities into new bulk and general freight opportunities as appropriate in domestic and international markets.

OUR VALUES

Safety
Safety of ourselves and others is our number one priority. Safety is at the core of everything we do as we commit to ***ZERO***HARM.

People
Diversity strengthens our capability. Our energy, courage, and passion motivate us to create extraordinary outcomes.

Integrity
We are honest, fair and conduct business with the highest ethical standards. We are respectful in all of our dealings.

Customer
Customers are at the heart of our business. We consistently deliver what we promise.

Excellence
We create value through collaboration and innovation. Our hallmarks are clear accountability, continuous improvement and disciplined execution.

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How we will deliver our strategy

To develop and operate multi-customer, rail-based, integrated supply chains

Customer Focus

- Deliver great service
- Innovate commercial approaches
- Deepen relationships

Productivity Improvement

- Drive safety, efficiency & disciplined execution
- Facilitate supply chain coordination
- Grow people, diversity & capabilities
- Optimise assets & capital
- Implement enabling technologies

Growth Opportunities

- Bulk supply chains
- General freight
- In domestic markets
- In international markets

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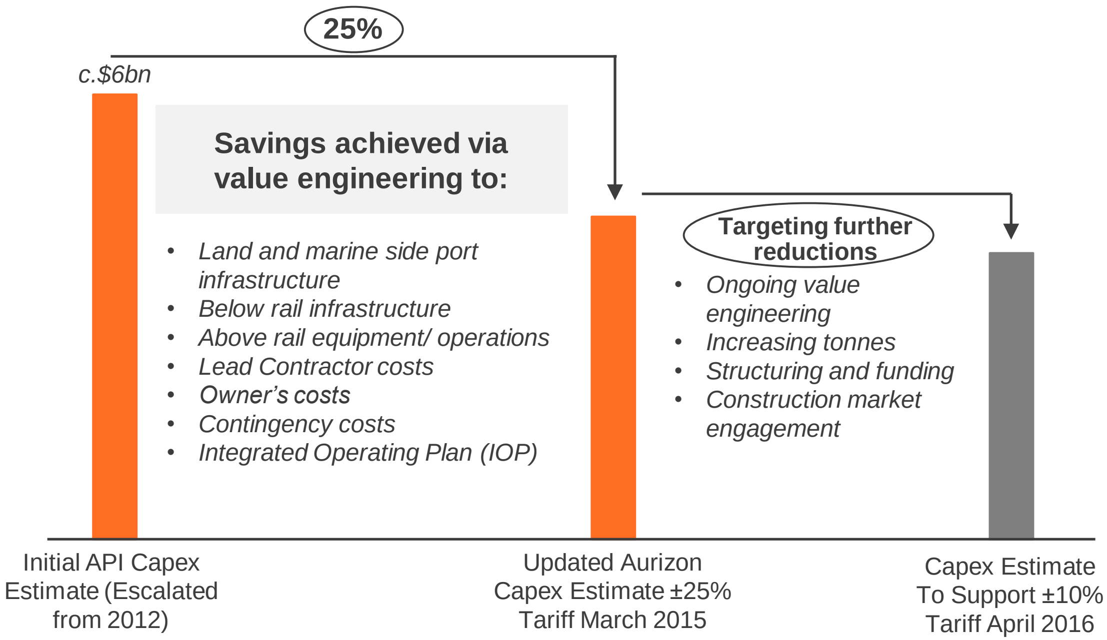
West Pilbara Iron Ore Project (WPIOP) update

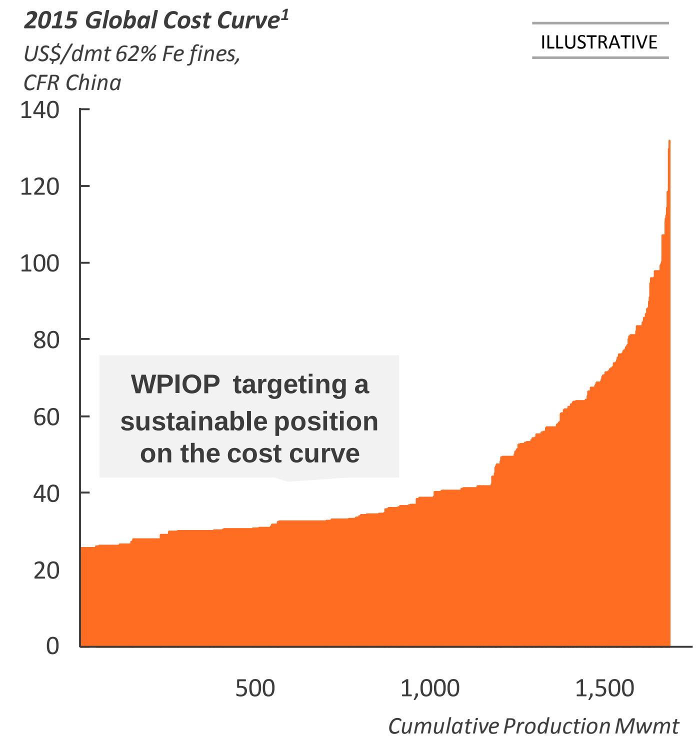
To date, Aurizon has reduced project capex by $1.5bn whilst increasing throughput by 33%. All project participants are pursuing other levers to further reduce cost…

…to improve the project's potential cost position and long term sustainability

Reductions to Port and Rail project capex estimates

Initial API and Updated AZJ Estimates escalated to June 2015





Project underpinnings	
	• Infrastructure development aimed at creating competitive, independent supply chain infrastructure in the world's leading iron ore basin by teaming together two of the world's leading steel manufacturers, a leading global trading house and Australia's largest rail-based transport company • As a strong Chinese SoE and a leading supplier in the higher growth Asian flat steel sector, Baosteel's involvement is expected to underpin financing of WPIOP • Commercial decisions are supported by a strong governance framework with a final investment decision contemplated to occur in late CY2016, subject to stage gates and long-term iron ore market fundamentals

Source: 1 Wood Mackenzie, Aurizon analysis

Other strategic projects update

Moorebank

- June 2015 – Sydney Intermodal Terminal Alliance (SIMTA) selected by Federal Government to develop and operate the Moorebank Intermodal Terminal
- SIMTA owned 33% by Aurizon, 67% by Qube
- Key features of Moorebank:
- Expected to be the largest integrated warehouse and rail terminal precinct in Australia when fully developed with total spend ~$1.5b over 10 years (Aurizon investment ~ $235m)
- Strengthens Aurizon's general freight portfolio and provides more efficient, flexible and long-term solution for Sydney-based Intermodal operations
- Financial close is subject to satisfaction of conditions precedent, including planning and environmental approvals and surrender of existing leasing arrangements
- Aurizon has exercised the option to participate in terminal operations entity (documentation to be finalised with Qube)

Galilee Basin

- Separable projects to develop and operate greenfield, multi-user rail and port infrastructure connecting the Galilee Basin with Abbot Point in partnership with GVK
- Represents a key longer term growth option for Aurizon, with development likely towards the end of the decade
- Execution of transaction documents are delayed to CY2016 due to GVK debt restructuring – this would allow release of charges held over the port and rail assets
- $15m of capitalised costs were impaired in FY2015 – this relates to greenfield costs only (principally engineering studies). These costs would still be recoverable through tariffs once the GVK project completes
- $30m of capitalised costs remain – all attributed to the brownfield expansion of the CQCN. This investment could also support future Bowen Basin expansions

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Markets we operate in

Coal – Above Rail

- Industry has responded to challenging commodity price environment by focusing on cost and productivity
- Aurizon's customer base
  - Investment grade counterparties account for 72% of FY2015 volumes
  - FY2015 volume split by coal type estimated to be 51% metallurgical, 49% thermal
  - Australian coal well positioned on the cost curve, production capacity is being maintained
- Aurizon's contracts
  - 64% of FY2015 volumes railed under new form contracts
  - 96% of contracts expected to be new form by FY2018 (based on forecast contracted volumes)
  - Weighted average remaining contract length as at 30 June 2015 7.5 years (QLD 7.3 years, NSW 7.9 years)
  - 86% of FY2015 contracted volumes is secured for FY2018
  - FY2015 above rail revenue – 53% fixed, 47% variable
  - Aurizon is working with a small number of customers who have sought ramp-up profile adjustment
  - Contracts awarded in FY2015 include Yancoal (Yarrabee), Anglo (Dawson), Caledon (Cook)

Coal – Below Rail

- Top six mining companies account for 80% of contract volumes
- Volume risk socialised by system for CQCN
- WIRP capacity of 27mtpa is protected by regulatory framework apart from the commercial return

Iron Ore

- Significant commodity price reductions in FY2015 have created a challenging operating environment for our customers
- Active discussions occurring with some customers regarding near term contract adjustments offset by long term security for Aurizon (e.g. future exclusivity, extended tenures)
- Contracts are generally consistent with new form Coal contracts including fixed revenue (capacity charge) and protection where required

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Freight update

Revenue[1] base is changing in FY2016 and beyond

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Bulk – FY2015 revenue $468m

- Volume environment remains challenging in the medium term due to competition from road and lower commodity prices but opportunities remain
- Focus on transforming contracts to new form with target of 80% by FY2017. This will offer greater flexibility and certainty for customers and Aurizon

Intermodal – FY2015 revenue $302m (ex $38m CRT)

- Underlying market conditions remain subdued, however Aurizon focused on unique segments of the market by targeting beneficial freight owners (BFO) who require direct collaboration with rail provider
- BFO customers represent 68% of FY2015 volumes

Transport Services Contract (TSC) – FY2015 revenue $111m

- Currently negotiating Regional Freight and Livestock contract extensions
- FY2016 revenue expected to be reduced by ~$65m while continuing to deliver a commercial return

Commercial and operational improvements have delivered results

- $111m in transformation benefits since 1 July 2013 through labour and fleet productivity (includes operating cost reductions and asset disposals)
- Intermodal
  - Integrated into the Operations function – no longer an incubated business
  - 14% capacity increase on Melbourne to Brisbane corridor
  - Improvement in transit times from Sydney to Perth from 5 days to 3 days
  - Disposal of non-core CRT business December 2014
- Bulk
  - Contracts converted to new form in FY2015 includes Queensland Nickel and South32 Cannington

1. Bulk and Intermodal revenue is inclusive of pass through access revenue

Outlook & summary

Lance Hockridge – Managing Director & CEO

FY2016 Outlook

- Above rail volume outlook based on current market conditions is expected to be flat vs FY2015
  - Coal – 210-220mt vs 211.2mt
  - Iron Ore – 24mt vs 25.6mt
  - Freight – 45mt vs 46.0mt
- Network access revenue assumed to be consistent with UT4 draft revenue decision
- FY2016 revenue also impacted by approximately $200m, including:
  - Estimated reduction in TSC revenue from 1 July 2015
  - Expiry of Queensland Rail passenger fleet maintenance contract on 30 June 2015
  - Disposal of CRT business (effective 1 December 2014)
- Operating ratio (OR) target remains 73% driven by continued improvement through productivity initiatives and incremental cost out performance
- Investor Day 7 October 2015 to provide further details about FY2016 and beyond

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Summary

- Achieved 74.3% OR in FY2015 despite volume headwinds
- Blueprint in place to set strategic direction and framework for continuous improvement
  - 10.5% average ROIC for FY2016-FY2018
  - 70.0% OR target by FY2018
  - Exploring growth opportunities that meet our investment criteria
- Capital management remains the priority for management and Board
  - Dividend payout ratio range of 70-100%
  - FY2015 final dividend of 13.9 cents – based on 100% payout
  - Opportunistic on-market buy-back continues
- Continuous improvement to be delivered in all functions
- Longer term sustainable demand remains for Australia's high-quality coal and iron ore despite near term market challenges, volume growth is flat in FY2016 and expected to grow moderately beyond that
- Safety – remains our number one priority with fatal accident in October 2014 strengthening our resolve to achieve *Zero*Harm

In recognition of the achievements in FY2015, all Aurizon staff[1] to be awarded $2,500 of shares each

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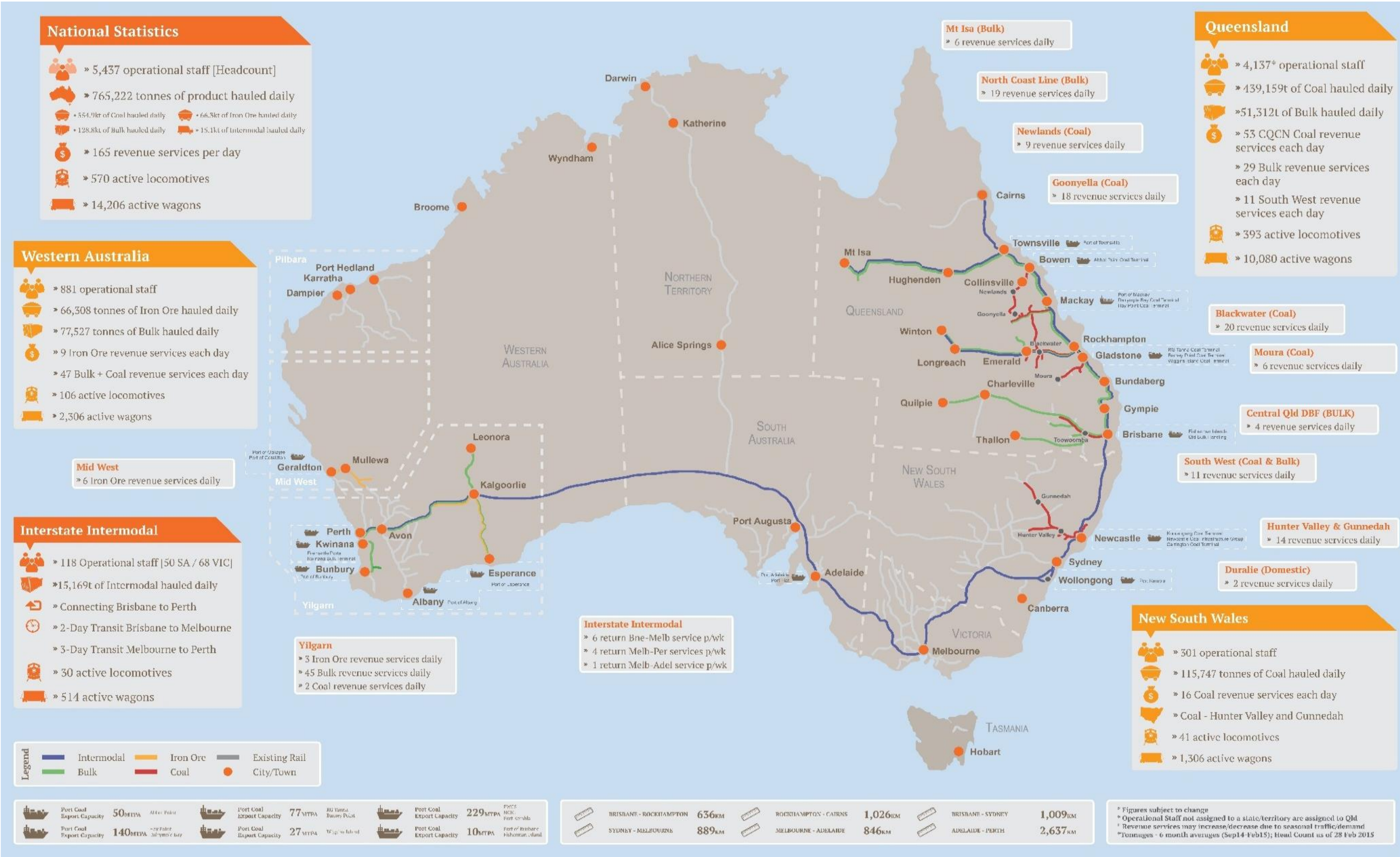
1. Excludes those eligible for an LTI

Questions & Answers

FY2015 Results

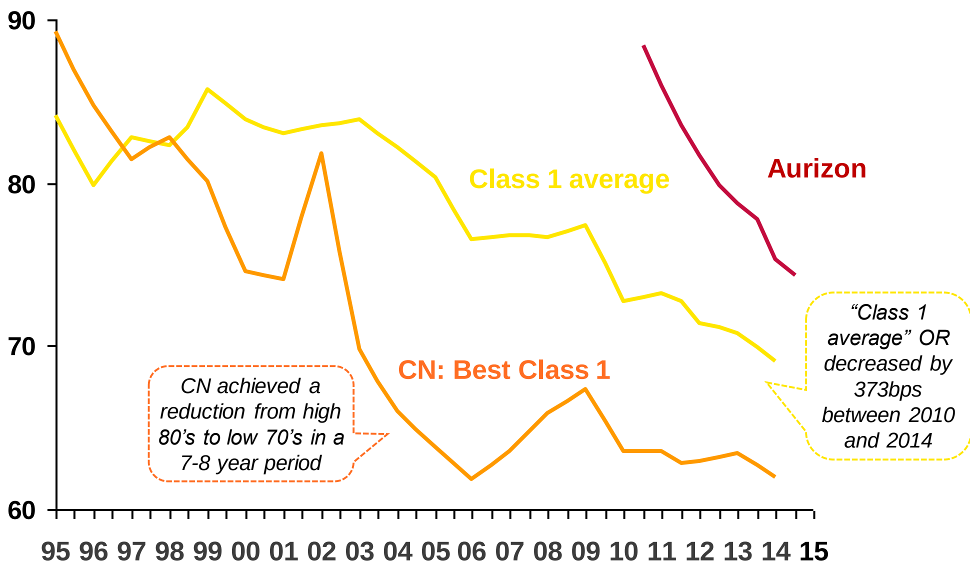
Additional information

Aurizon Operations Snapshot

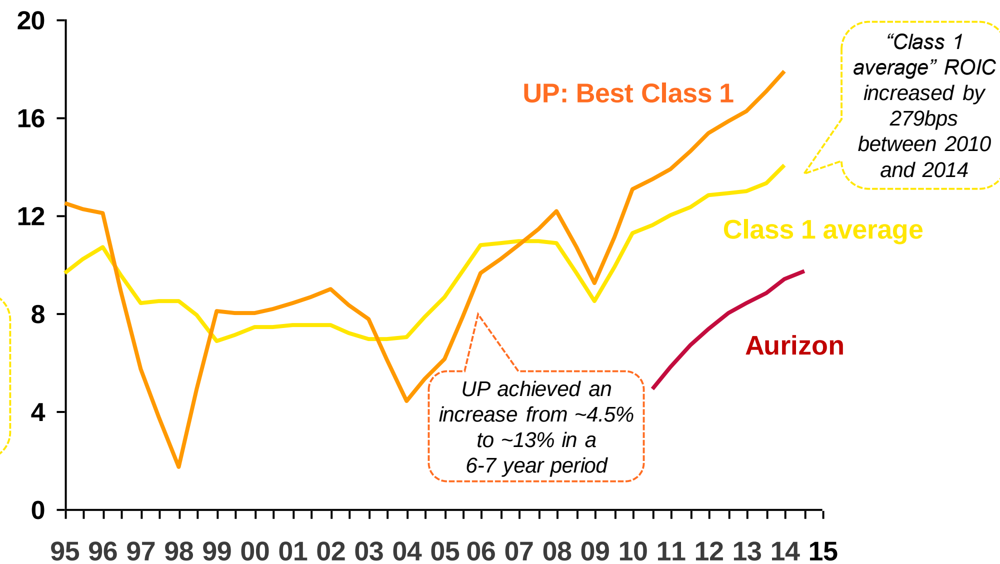


North American Class 1s have shown operating ratios <70% and ROICs >13% are achievable – Aurizon is on its way

Operating ratios below 70% are achievable for Aurizon, but it is a long term journey (often 10+ years)



All Class 1's have grown returns since 2009, moving towards 14% ROIC



Notes:

› Class 1 metrics based on calendar year data from December 1995 through to December 2014. Aurizon metrics based on financial year data from June 2011 through to June 2015.

› ROIC = Return on Invested Capital (pre-tax)

› 'Class 1 average' comprises of average for CSX, BNSF, UP, NS, KCS, CN and CP

Source: Analysis of Class 1 Railroads (Association of American Railroads (AAR)) 2014; Morningstar 2014; Class 1 Annual Reports 2014

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Group Financial Information

Accounting Changes in FY2015

- Income statement: presentation has been changed to show net finance costs and to make the costs categorisation consistent with revised segment reporting note. (i.e. Energy and Fuel and Track Access expenditure has been split out from Consumables)
- Cash flow statement: Interest payments have been classified as Financing and Investing Activities rather than Operating activities
- Historical Segment information has been further restated to reflect changes in classification of expenses. Revised segment information is available on the website
- Financial statements have been rounded to the nearest million dollars in accordance with ASIC Class Order 98/100, previously rounded to the nearest hundred thousand
- Early Adoption of AASB 9: Financial Instruments as of 1 July 2014. The key benefit of early adopting this new standard is that the Cross Currency Interest Rate Swap can be accounted for with much less volatility to the income statement. This has not resulted in any restatements of prior period reported numbers
- Employee Entitlements: The discount rate used for long term employee benefits has been changed to the G100 Corporate bond rate effective 30 June 2015, rather than the Government Bond rate which was previously used
- Subsequent to the acquisition of Aquila in July 2014, the definition of ROIC has been reviewed and updated. Invested capital has been amended to include investments accounted for using the equity method. Gross intangibles have been changed to net intangibles to be consistent with the treatment of property, plant and equipment as a majority of intangibles relate to software development. These changes have reduced the FY15 ROIC by 0.2ppt

Financial highlights – Underlying

$m	FY2015	FY2014	Variance
Revenue	3,780	3,822	(1%)
EBITDA	1,489	1,351	10%
EBIT	970	851	14%
NPAT	604	523	15%
EPS (cps)	28.4	24.5	16%
Final dividend (cps)	13.9	8.5	64%
ROIC	9.7%	8.8%	0.9ppt
Gearing	30.2%	28.4%	(1.8ppt)

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Group Operating Highlights

	FY2015	FY2015		FY2014	Variance
		2H	1H		
Revenue / NTK ($/'000 NTK)	52.2	51.7	52.7	51.7	1%
Labour Costs / Revenue	25.7%	24.6%	26.8%	27.1%	1.4ppt
NTK / FTE (MNTK)	10.5	10.2	10.7	9.8	7%
EBITDA Margin – Underlying	39.4%	41.3%	37.6%	35.3%	4.1ppt
Operating Ratio – Underlying	74.3%	73.3%	75.3%	77.7%	3.4ppt
NTK (bn)	72.4	35.1	37.3	73.9	(2%)
Tonnes (m)	282.8	136.0	146.8	286.6	(1%)
People (FTE)	6,869	6,869	6,977	7,524	9%

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Reconciliation - Consolidated Underlying vs. Statutory earnings

	FY2015	FY2015		FY2014	FY2015 vs FY2014
		2H	1H		
Underlying EBIT	**970**	**484**	**486**	**851**	**14%**
Significant items					
Voluntary redundancy program	-	-	-	(69)	-
Asset impairment	-	-	-	(317)	-
Statutory EBIT	**970**	**484**	**486**	**465**	**109%**
Net finance costs	(135)	(67)	(68)	(112)	(21%)
Statutory profit before tax	**835**	**417**	**418**	**353**	**137%**
Income tax expense	(231)	(121)	(110)	(100)	(131%)
Statutory NPAT	**604**	**296**	**308**	**253**	**139%**

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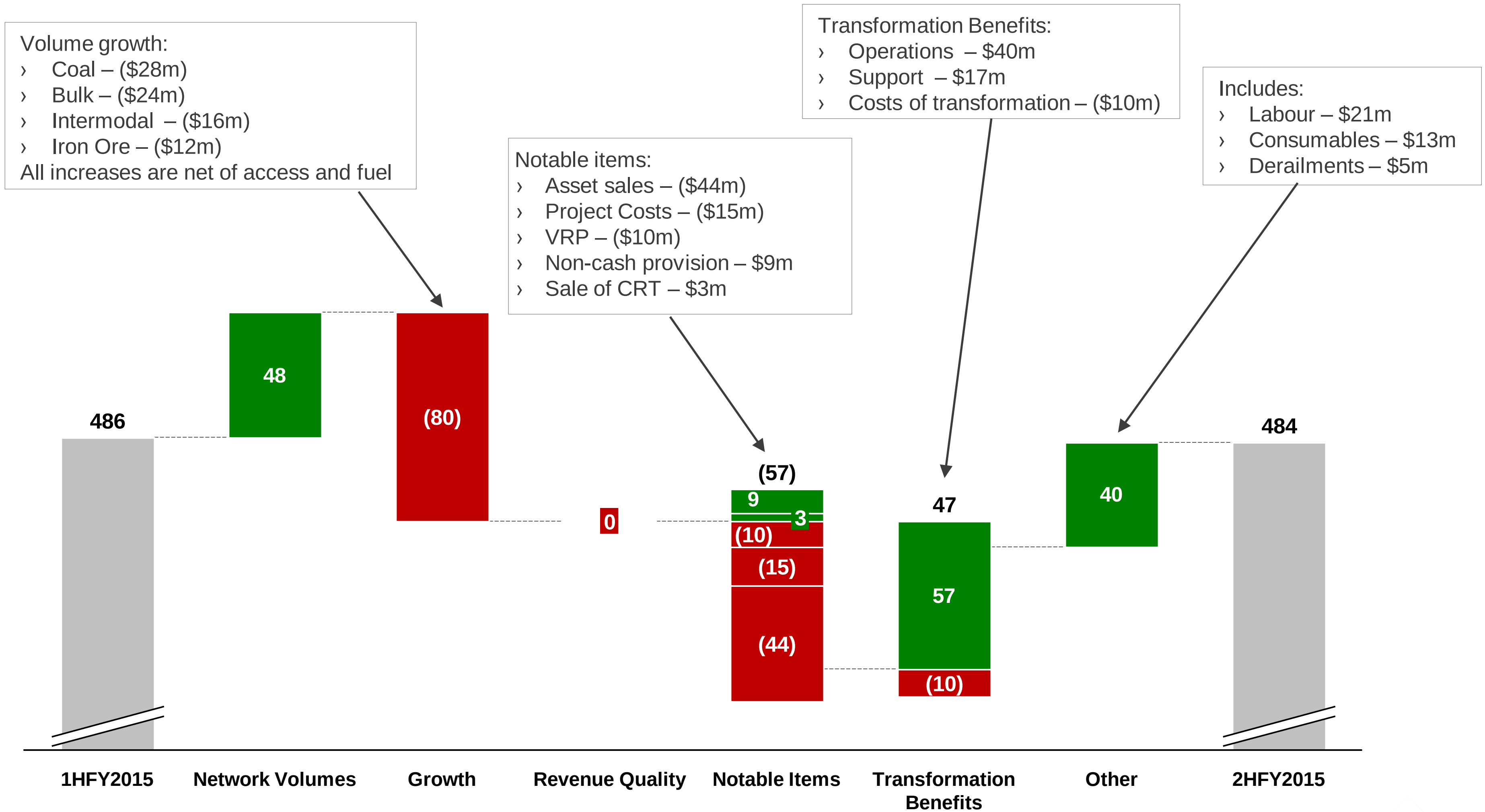
2HFY2015 vs 1HFY2015 underlying EBIT bridge



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Reconciliation of Borrowings

As at 30 June 2015 ($m)		Commentary
Total debt per slide 18 (cash basis)	2,926	
Add/(less):		
Short-term borrowings	59	› Short-term borrowing
Transaction costs capitalised	(16)	› Transaction costs directly attributable to borrowing is capitalised in accordance with AASB 9
Discounts on bonds	(11)	› Discounts on mid-term-notes capitalised in accordance with AASB 9
MTM adjustment on EMTN	25	› Fair value hedge MTM adjustment on EMTN in accordance with AASB 9
Total Liabilities (current + non-current) As per note 16 of the Annual Report	**2,983**	

Dividend history

	Payment Date	Amount per share (cents)	Franking	Payout Ratio
FY2015 Final[1]	28 September 2015	13.9	30%	100%
FY2015 Interim	23 March 2015	10.1	0%	70%
FY2015 Total dividend		**24.0**		
FY2014 Final	22 September 2014	8.5	0%	70%
FY2014 Interim	28 March 2014	8.0	80%	65%
FY2014 Total dividend		**16.5**		
FY2013 Final	23 September 2013	8.2	90%	65%
FY2013 Interim	27 March 2013	4.1	70%	50%
FY2013 Total dividend		**12.3**		
FY2012 Final	28 September 2012	4.6	0%	50%
FY2012 Interim	30 April 2012	3.7	0%	50%
FY2012 Total dividend		**8.3**		
FY2011 Final	30 September 2011	3.7	0%	50%
FY2011 Total dividend		**3.7**		

1. The relevant final dividend dates are:
   - 28 August 2015 – ex-dividend date
   - 1 September 2015 – record date
   - 28 September 2015 – payment date

Function & Segment detail

Network profit & loss - Underlying

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Tonnes (million)	225.7	111.0	114.7	214.5	5%
Revenue - Access	1,048	547	501	951	10%
- Services	13	7	6	17	(24%)
- Other	47	24	23	44	7%
Total Revenue	**1,108**	**578**	**530**	**1,012**	**9%**
Operating costs	(409)	(203)	(206)	(402)	(2%)
EBITDA	**699**	**375**	**324**	**610**	**15%**
EBITDA margin	63.1%	64.9%	61.1%	60.3%	2.8ppt
Depreciation and amortisation	(215)	(109)	(106)	(198)	(9%)
EBIT	**484**	**266**	**218**	**412**	**17%**
Operating Ratio	56.3%	54.0%	58.9%	59.3%	3ppt

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Commercial & Marketing profit & loss - Underlying

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Total revenue	**3,151**	**1,497**	**1,654**	**3,271**	**(4%)**
Coal	1,894	924	970	1,864	2%
- Above rail	1,187	575	612	1,215	(2%)
- Below rail	707	349	358	649	9%
Freight	919	410	509	1,029	(11%)
Iron Ore	338	163	175	378	(11%)
Operating costs	(67)	(9)	(58)	(126)	47%
EBITDA	**3,084**	**1,488**	**1,596**	**3,145**	**(2%)**
Depreciation and amortisation	(5)	(4)	(1)	(11)	55%
EBIT	**3,079**	**1,484**	**1,595**	**3,134**	**(2%)**

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Operations profit & loss - Underlying

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Revenue	**332**	**156**	**176**	**336**	**(1%)**
Employee Benefits	(787)	(374)	(413)	(790)	-
Energy & Fuel	(183)	(74)	(109)	(268)	32%
Track Access	(973)	(476)	(497)	(916)	(6%)
Consumables	(604)	(279)	(325)	(641)	6%
Other	(17)	(7)	(10)	(33)	48%
Total operating expenses	**(2,564)**	**(1,210)**	**(1,354)**	**(2,648)**	**3%**
EBITDA	**(2,232)**	**(1,054)**	**(1,178)**	**(2,312)**	**3%**
Depreciation and amortisation	(295)	(151)	(144)	(287)	(3%)
EBIT	**(2,527)**	**(1,205)**	**(1,322)**	**(2,599)**	**3%**
EBIT (ex access)	(1,554)	(729)	(825)	(1,683)	8%

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Other profit & loss - Underlying

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Revenue	**46**	**(1)**	**47**	**17**	**171%**
Employee Benefits	(54)	(24)	(30)	(60)	10%
Consumables	(25)	(15)	(10)	(46)	46%
Other	(29)	(19)	(10)	(4)	(625%)
Total operating expenses	(108)	(58)	(50)	(110)	2%
EBITDA	**(62)**	**(59)**	**(3)**	**(93)**	**33%**
Depreciation and amortisation	(4)	(2)	(2)	(3)	(33%)
EBIT	**(66)**	**(61)**	**(5)**	**(96)**	**31%**

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Underlying EBIT by segment (old reporting regime)

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Network	484	266	218	412	17%
Coal	435	231	204	400	9%
Iron Ore	82	36	46	103	(20%)
Freight	37	14	23	34	9%
Unallocated[1]	(68)	(63)	(5)	(98)	31%
Group	**970**	**484**	**486**	**851**	**14%**

Key drivers of Group performance:

- Record Network volumes uncapped due to pending UT4 decision
- Transformation benefits offsetting flat volumes
- 14% reduction in volumes due to two contracts ending
- Transformation benefits offsetting flat volumes and reduction in TSC payments
- Increased asset sales (Redbank)

1. Other includes costs which cannot be directly allocated to the business functions or distinguished between each of the segments and as such are reported as 'Other' e.g. costs for MD & CEO, corporate finance, tax, treasury, internal audit, risk, governance and strategic projects

Coal profit & loss - Underlying

$m		FY2015	FY2015		FY2014	FY2015 v FY2014
			2H	1H		
Revenue	- Above rail	1,187	575	612	1,215	(2%)
	- Below rail	707	349	358	649	9%
Total Revenue		**1,894**	**924**	**970**	**1,864**	**2%**
Operating costs		(1,286)	(605)	(681)	(1,291)	-
EBITDA		**608**	**319**	**289**	**573**	**6%**
EBITDA margin		32.1%	34.5%	29.8%	30.7%	1.4ppt
Depreciation and amortisation		(173)	(88)	(85)	(173)	-
EBIT		**435**	**231**	**204**	**400**	**9%**
Operating Ratio - underlying		77.0%	75.0%	79.0%	78.5%	1.5ppt

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Iron Ore profit & loss - Underlying

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Revenue	**338**	**163**	**175**	**378**	**(11%)**
Operating costs	(218)	(108)	(110)	(239)	9%
EBITDA	**120**	**55**	**65**	**139**	**(14%)**
EBITDA margin	35.5%	33.7%	37.1%	36.8%	(1.3ppt)
Depreciation expense	(38)	(19)	(19)	(36)	(6%)
EBIT	**82**	**36**	**46**	**103**	**(20%)**
Operating Ratio - Underlying	75.7%	77.9%	73.7%	72.8%	(2.9ppt)

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Freight profit & loss – Underlying

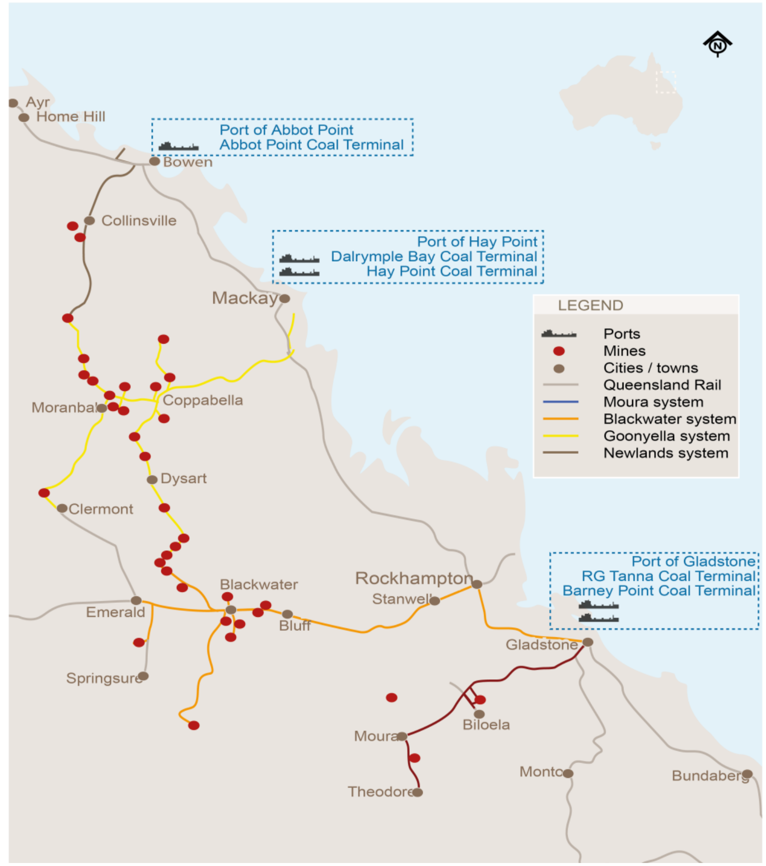
(Freight includes Bulk and Intermodal businesses)

$m	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Revenue	**919**	**410**	**509**	**1,029**	**(11%)**
Operating costs	(829)	(368)	(461)	(941)	12%
EBITDA	**90**	**42**	**48**	**88**	**2%**
EBITDA margin	9.8%	10.2%	9.4%	8.6%	1.2ppt
Depreciation and amortisation	(53)	(28)	(25)	(54)	2%
EBIT	**37**	**14**	**23**	**34**	**9%**
Operating Ratio - Underlying	96.0%	96.6%	95.5%	96.7%	0.7ppt

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 72 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

Central Queensland Coal Network (CQCN)



1. Based on Aurizon management estimates as at 30 June 2015

Central Queensland Coal Network volumes[1] (mt)

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	FY2015	FY2015		FY2014	FY2015 v FY2014
		2H	1H		
Newlands	14.7	6.7	8.0	12.0	23%
Goonyella	119.6	59.5	60.1	114.5	4%
Blackwater	63.7	31.2	32.5	63.1	1%
Moura	12.3	5.8	6.5	12.4	(1%)
GAPE	15.4	7.8	7.6	12.5	23%
Total	**225.7**	**110.9**	**114.7**	**214.5**	**5%**
Average haul length[3] (kms)	249	251	247	253	(2%)

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1. Table represents tonnes hauled on the CQCN by all operators
2. Total does not add due to rounding
3. Defined as NTK/Net Tonnes

Queensland FY2015 Take-or-Pay - Network and Coal

$m	Coal	Network[1]	Consolidated
Income			
Coal Customers	1.4	-	1.4
Network Customers	-	33.1	33.1
Expense			
Aurizon Network	(0.6)	-	(0.6)
Queensland Rail (2)	(8.7)	-	(8.7)
Prior Year Adjustments	(0.7)	-	(0.7)
EBIT increase/(decrease)	**(8.6)**	**33.1**	**24.5**

- GAPE was the only system to trigger Take or Pay in FY2015 for Aurizon Network
- In all other systems, actual GTK's exceeded system forecast GTK's adjusted for Network cause / force majeure GTK's

1. Take-or-Pay charge may be levied by Aurizon Network to above rail operators (Aurizon, Pacific National and BMA Rail) and GAPE access holders
2. Peabody – Wilkie Creek mine closure, no Take-or-Pay pass through

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Network revenue cap adjustments

Year	$AT_{2\text{-}4}$ (diesel tariff) $m	AT_5 (electric tariff) $m	Total $m
2015	tba	tba	tba
2014[1]	15.5	(8.5)[2]	7.0
2013	34.6	13.4	48.0
2012	3.3	13.5	16.8
2011	23.2	36.3	59.5

- Revenue cap is the difference by System between Network's Total Actual Revenue (TAR) and System Allowable Revenue (SAR) and also includes rebates and energy cost variations. This is collected through a tariff adjustment two years later
- FY2015 revenue cap would normally be repaid via an adjustment to tariffs in FY2017 however, the QCA has indicated that the recovery timing will be dealt with in its final UT4 Decision
- Revenue cap for FY2014 will be recovered in FY2016 as part of the transitional tariffs as approved by the QCA in June 2015
- These revenue cap numbers are inclusive of GAPE

Note: AT = Access Tariff Revenue Adjustment Amount

1. Excludes cost of capital adjustment which will be confirmed following UT4 final decision
2. Return to access holders

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Coal haulage tonnages (mt) by system

	FY2015	FY2015		FY2014	FY15 vs. FY14 Variance
		2H	1H		
Queensland					
Newlands	22.2	10.9	11.3	16.4	35%
Goonyella	65.2	30.4	34.8	70.8	(8%)
Blackwater	61.0	29.8	31.2	62.0	(2%)
Moura	12.6	5.9	6.7	12.6	0%
West Moreton	7.3	3.6	3.7	8.1	(10%)
Total Qld	**168.3**	**80.6**	**87.7**	**169.9**	**(1%)**
New South Wales					
Hunter Valley	42.9	21.6	21.3	40.5	6%
Total Coal	**211.2**	**102.2**	**109.0**	**210.4**	**0%**

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Coal Take-or-Pay accrual

$m	FY2015	FY2015		FY2014
		2H	1H	
Take-or-Pay charge[1] (Expense)	(9.3)	(2.1)	(7.2)	(25.0)
Take-or-Pay passed through to customers (Revenue)	1.4	1.4	0.0	15.3
Adjustments[2] relating to earlier years	(0.7)	(0.7)	0.0	(2.2)
Net EBIT impact	**(8.6)**	**(1.4)**	**(7.2)**	**(11.9)**

1. Principally from Queensland Rail for the West-Moreton system
2. Adjustments occur as the Take-or-Pay accruals are based on estimates, which are trued up in the following period

Queensland Coal - Deficit Tonnage Charges (DTC)

$m	2H	1H	Full Year Charge	YoY Variance
2015	3	1	4	(4)
2014	1	7	8	(29)
2013	4	33	37	8
2012	8	21	29	14
2011	10	5	15	-

- A form of protection for the above rail coal business when actual tonnages are less than contracted
- DTC refers to the period in which the income was recognised in the P&L, not the period the haulage task occurred which is the previous financial year
- Usually seen in old form contracts
- Annual charge to the customer after the contract year has finished (i.e. contracts ending 30 June will have DTC levied in the first half of the subsequent financial year)
- Only levied if haulage is below a pre-determined level for at least five of the twelve months for the contract year
- Generally set at a low proportion of the haulage freight rate

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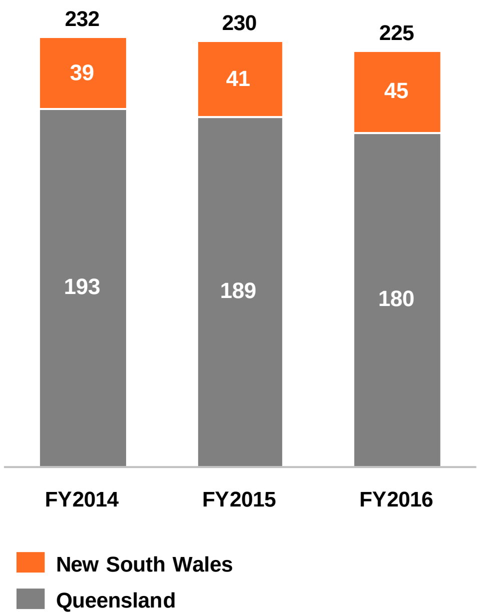
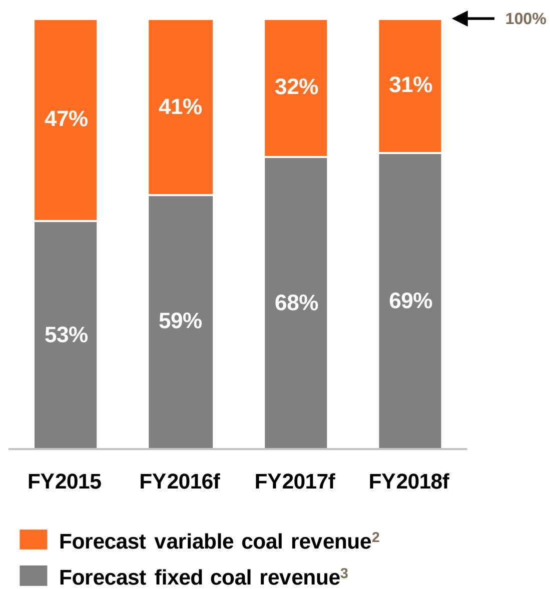
Above Rail Coal contractual outlook

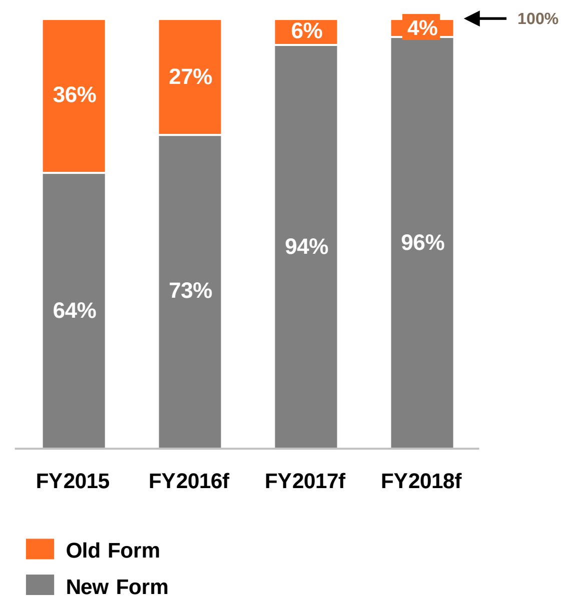
Aurizon's Annualised Above Rail Coal Contracted Volumes (mtpa)[1]



Coal above rail revenue breakdown



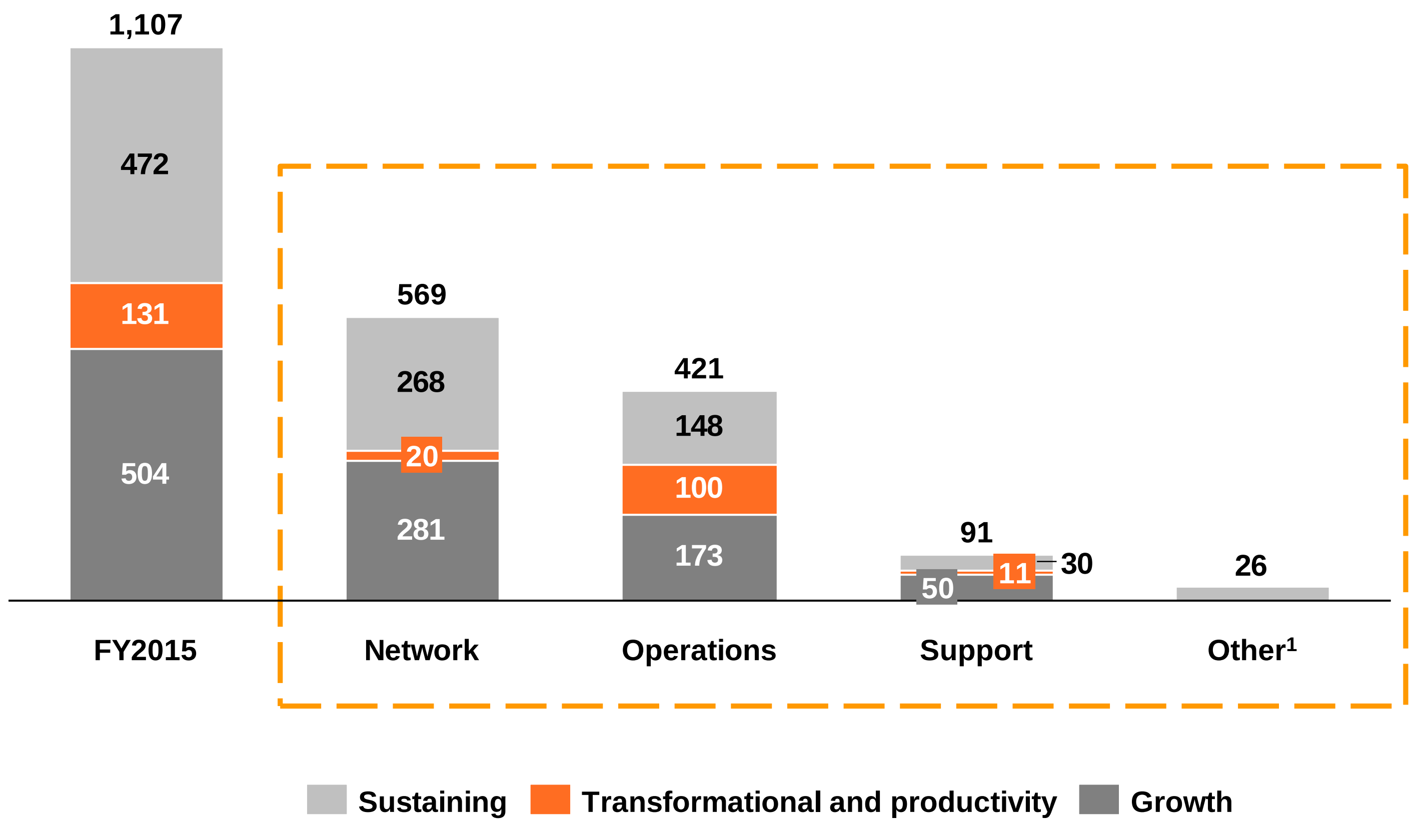
"Old Form" vs. "New Form" coal volumes[4]



1. This represents the contracted tonnes as at 30 June 2015. The existing Aurizon contracted tonnes includes nominations, options or other uncertain events that have the potential to cause variance in our "contracted" tonnes
2. Variable coal revenue = Above Rail Variable Usage Charges/tonne including performance bonuses, incentives and fuel charges
3. Fixed coal revenue = includes capacity charges and other revenue (i.e. deficit tonnage charges)
4. Old Form/New Form coal volumes are based on forecast volumes

Capital Expenditure

FY2015 group and functional capital expenditure ($m)



1. Capitalised interest

Major committed Network growth projects

Network - QLD		
	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 › Spend to 30 June 2015: $725m of $831m expected total costs (including $13m of Wiggins Island Balloon Loop (WIBL) electrification and Callemondah Feeder Station costs). As detailed in previous guidance, this remains $27m lower as a result of efficiencies gained in scope design and in competitive tendering conditions on Segment 2 North Coast Line, as well as delivery risks being mitigated as other Segments near completion) › Further details on following slide
	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 is predicated 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 is expected to be commissioned in September 2015 › The total project spend has come in under budget at $121m
	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 $150m

Note: Targets and approved amounts exclude capitalised interest

Wiggins Island Rail Project (WIRP)

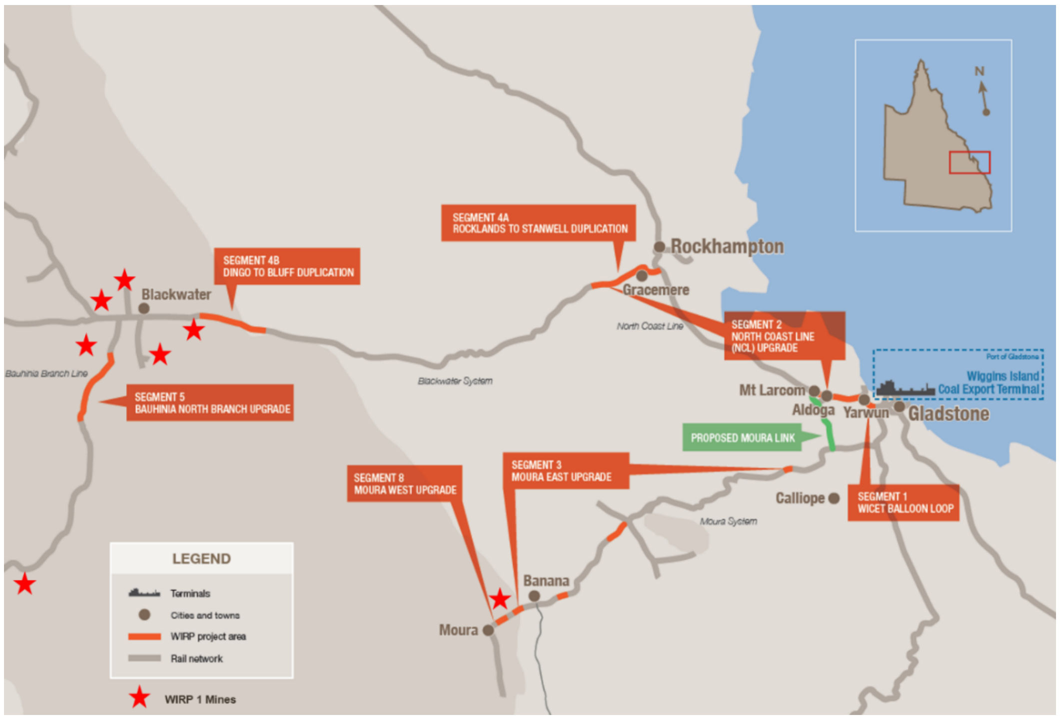
- WIRP is a project designed to link mines in the Southern Bowen Basin with the new Wiggins Island Coal Export Terminal (WICET) at the Port of Gladstone and will increase the total capacity of the Moura and Blackwater systems by 27mtpa (30%). Total estimated spend of $831m[1]
- The first rail works were commissioned in March 2015, with the commencement of export coal railings in May 2015
- The remaining rail works to match the ramp-up profile will be completed by December 2015
- The WIRP fee (those earnings above the regulated tariff) and ramp-up of regulated earnings are to commence in FY2016
- 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 inline with the WIRP contracts

- 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

1. Excludes capitalised interest

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)
- $831m[1] investment in new and upgraded infrastructure in the Blackwater and Moura systems
- The Scope 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	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

1. Excludes capitalised interest
2. Currently in Voluntary Administration
3. Source: WICET / Company Annual Reports / Aurizon Market Intelligence

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Major Coal initiative in NSW

Coal - NSW

Hexham Train Support Facility Hunter Valley

- The Long Term Train Support Facility (LTTSF) at Hexham has been operational since July 2015
- This new world class facility provides Aurizon existing and future fleet maintenance and provisioning capability, driving improvements in operational efficiency and effectiveness
- The expansion is designed to meet previous commitments and enable growth, whilst aligning with the need to reduce operating costs
- Operational benefits of being able to manage operational tasks in house include:
  - Capacity increases through improved loco and wagon availability
  - Reduction in fuel and maintenance unit cost
  - Improvements in turn around time from operating a dedicated facility
- Spend to 30 June 2015 is $167m with the final cost expected within the project budget of $186m

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Major committed Operations projects

Coal - NSW	**Whitehaven New Rollingstock**	› Delivery of new rollingstock for the start-up of Whitehaven's Maules Creek mine › Tranche 1 – 3 new consists were commissioned and progressively introduced into service from December 2014 - March 2015 › Tranche 2 – 88 new wagons have been ordered and anticipated to be commissioned and in service prior to additional tonnages from 1 April 2016 › Total spend to date is $80m of $280m[1] approved budget ($94m committed to date) › Future capital spend dependent on mine and contract ramp-up

Transformation	**Freight Management Transformation (FMT)**	› $100m ($47m spend to date) investment in simplifying and standardising processes and systems, transforming the way Aurizon operates and delivers its services
		› Will replace 18 disparate legacy systems with a single integrated platform
		› Expected benefits include:
		  › Improved customer experience – comprehensive online customer portal, real time tracking
		  › Revenue growth – improved performance reporting provides support for 'new form' contract decisions and negotiations
		  › Improved asset utilisation through better scheduling & planning, powered by the integrated system managing supply and demand
		› Further transformation opportunities (FTE reductions) through new technology streamlining processes
		› Deployment through staged approach on target to commence late CY2015, with completion CY2016
		  › Revised rollout strategy will deliver national implementation via three separate deployments
		    › Ordering and billing
		    › Planning, execution and terminal management
		    › Planning, execution and yard management

Note: Targets and approved amounts exclude capitalised interest

1. Budget amount excludes depot and ancillaries budget of $21m

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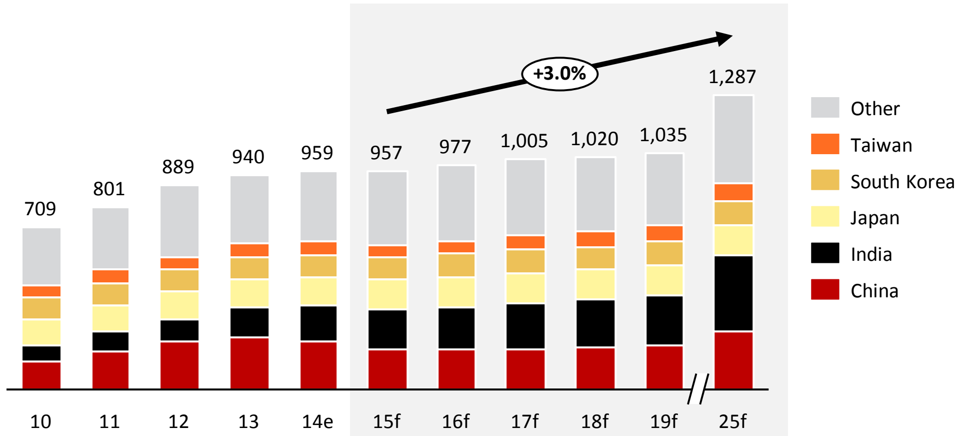
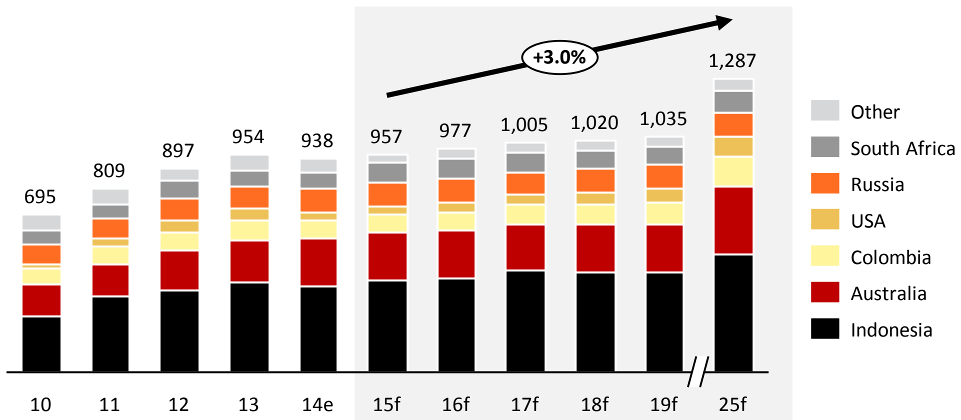
Global Markets

High quality Australian thermal coal is well placed to meet growing demand for more efficient coal-fired generation

Thermal Coal Seaborne Imports By Country (mt)



Thermal Coal Seaborne Exports By Country (mt)

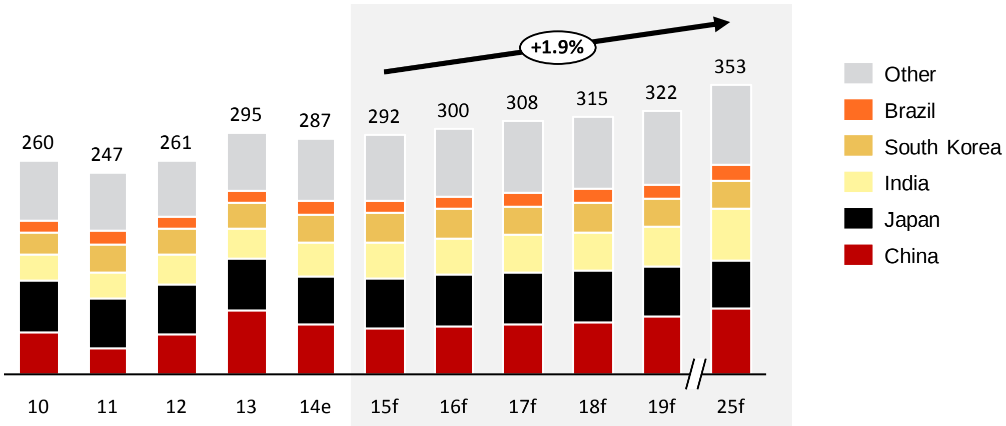


- In the short-term, policies introduced by China's authorities have reduced its demand for coal imports. While exports of Australian coal have been less impacted than other major suppliers, Australian producers have successfully re-directed displaced export volume to alternative markets, for example India
- Over the coming decade Wood Mackenzie projects global seaborne thermal coal volume growth of 3.0%pa underpinned by the delivery of low cost, base load electricity to developing economies. The International Energy Agency has forecast a similar seaborne demand trajectory through to 2019 (3.2%pa in seaborne thermal coal imports from 2013) driven by a 2.2% increase in total thermal coal and lignite demand over the same period (domestic and seaborne)
- While coal-fired generation is expected to comprise a smaller proportion of the global generation mix in coming years, the volume of coal demand is expected to grow in absolute terms
- India is expected to be a major source of growth in global import demand over coming years. While its coal sector may see improvements from industry reform over coming years, domestic thermal coal output is expected to remain unable to keep pace with rapid demand growth, driving increased dependence on imports to meet the growing supply shortfall
- High calorific Australian export thermal coal has the potential to make an important contribution to higher levels of power generation efficiency and in turn lower levels of energy-related emissions

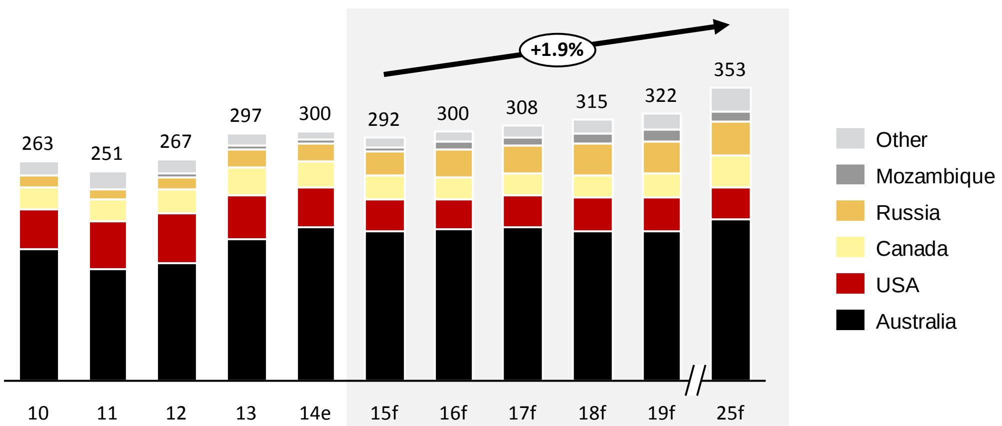
Source: Wood Mackenzie Global Thermal Coal Long-Term Outlook (July 2015), International Energy Agency Coal Medium-Term Outlook (December 2014).

Volume growth has assisted Australian metallurgical coal producers reduce unit costs in response to lower prices, while United States exports are increasingly unviable

Metallurgical Coal Seaborne Imports By Country (mt)



Metallurgical Coal Seaborne Exports By Country (mt)



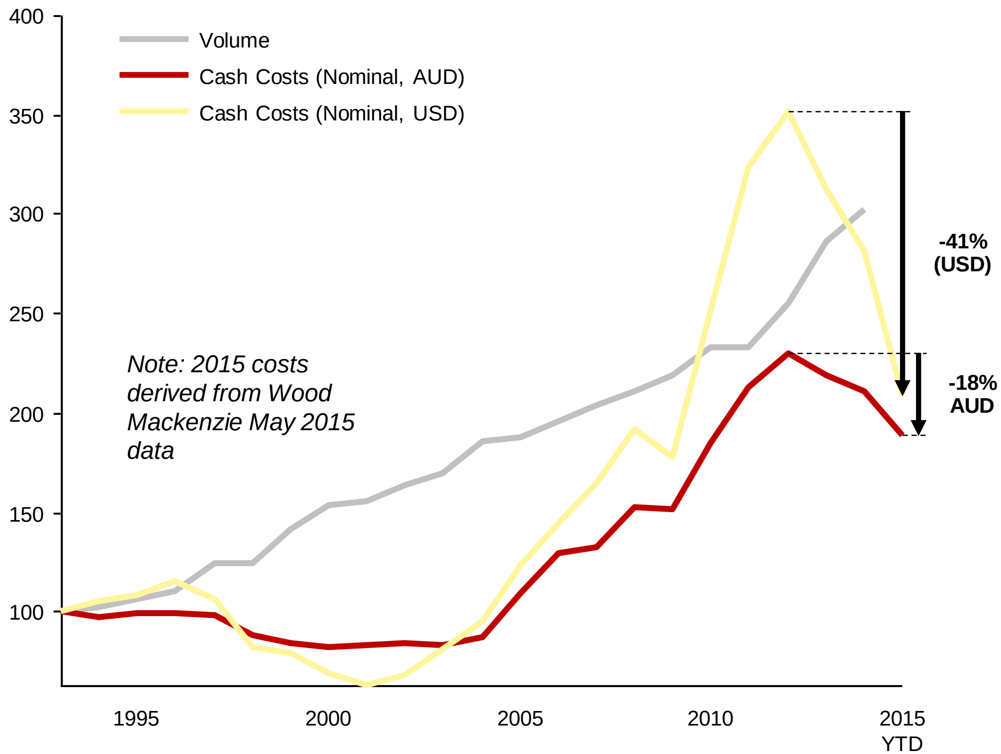
- Like thermal coal, China's metallurgical coal imports have been dampened by various policies that incentivise Chinese buyers to product from domestic suppliers. Australian coal exports to China have been affected by these policies but to a lesser extent than other suppliers such as United States
- Long-term, Wood Mackenzie project global seaborne metallurgical coal imports will grow 1.9%pa to 2025. The recent decline in China's import volume does present risk to this growth trajectory
- The majority of United States metallurgical coal export volume is now uneconomic. This suggests further rationalisation in the short-term of high cost supply, which would help rebalance global seaborne markets and support a cyclical recovery in price

Source: Wood Mackenzie (July 2015), McKinsey Global Institute (2014)

In addition to successful AUD unit cost reduction, AUD/USD depreciation is helping mitigate the impact of lower USD commodity prices on the profitability of Australian producers

Indices of Australian coal producer unit cash costs and export volume

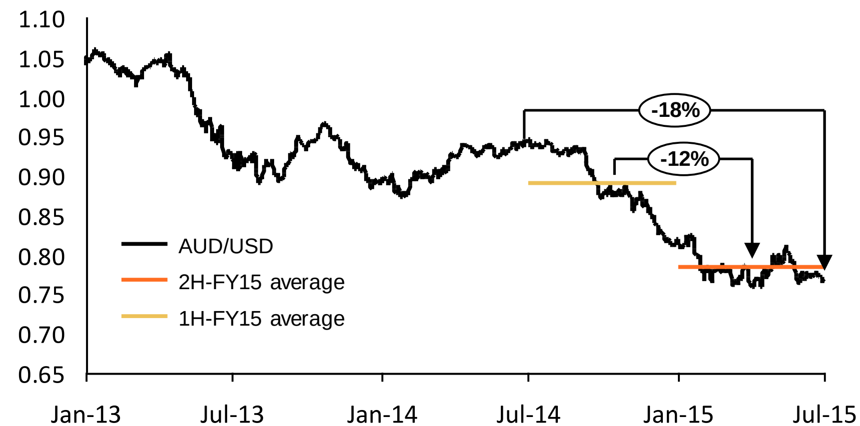
(100 = calendar 1993)



› Australian coal producers have been among the world's most effective at reducing production costs in response to lower prices. Unit cost reduction has been achieved through increased volume and equipment utilisation rates in addition to favourable FX movements

› Through FY15 Australia's coal producers have achieved further reduction in AUD unit costs. Greater magnitude of unit cost reduction in USD terms reflects the additional cost relief provided by the fall in AUD/USD, which declined by 18% during FY15

AUD/USD FX rate



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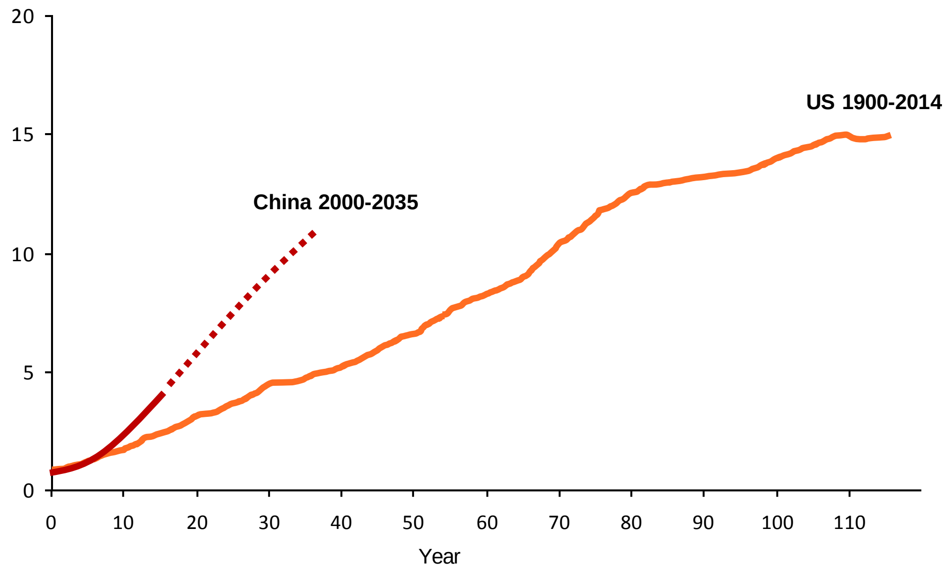
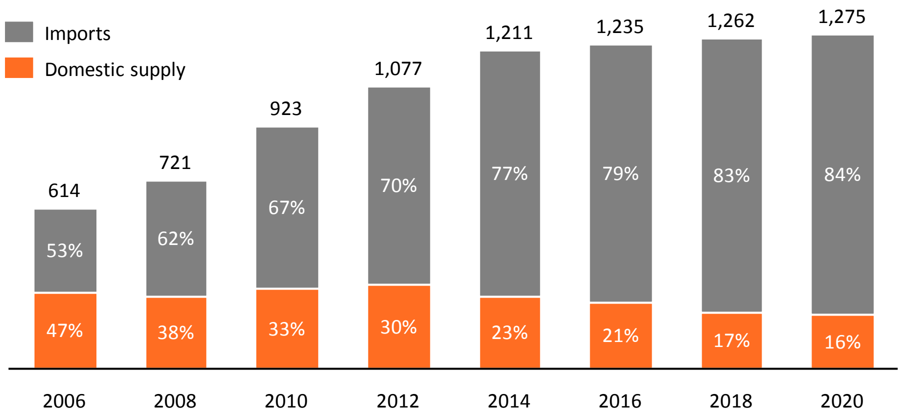
Source: Wood Mackenzie, RBA

China's accumulated steel "stock" per capita remains well below the United States, suggesting a substantial volume of steel production is still to come

Steel stock-in-use per capita (tonne) – China vs. US



Chinese iron ore import dependence (mt)



- While China's total steel demand growth is expected to moderate, there remains upside in the automotive and shipbuilding sectors which have the strongest growth outlook, forecast to grow 4.6% and 2.3% respectively between CY14 to CY20.
- Growth in the automotive and shipbuilding sectors will increase the production of flat steel as this higher quality steel product is a key ingredient in such manufacturing
- While recognising the range of views in the market regarding the timing and level of China's annual crude steel production peak, its accumulated steel stock per capita remains well below many advanced economies such as the United States. This suggests a substantial volume of Chinese steel production is still to come
- China's iron ore demand is also expected to moderate relative to the rapid growth of previous years, however, China's dependence on iron ore imports is forecast to increase due to the displacement of China's high cost domestic supply by new low cost seaborne supply from Australia and Brazil

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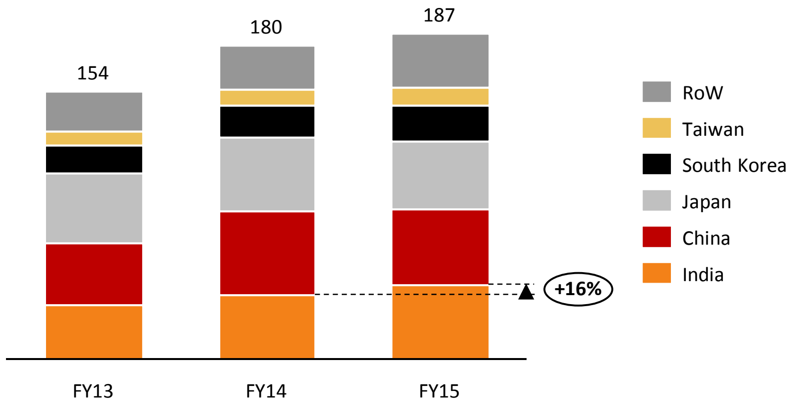
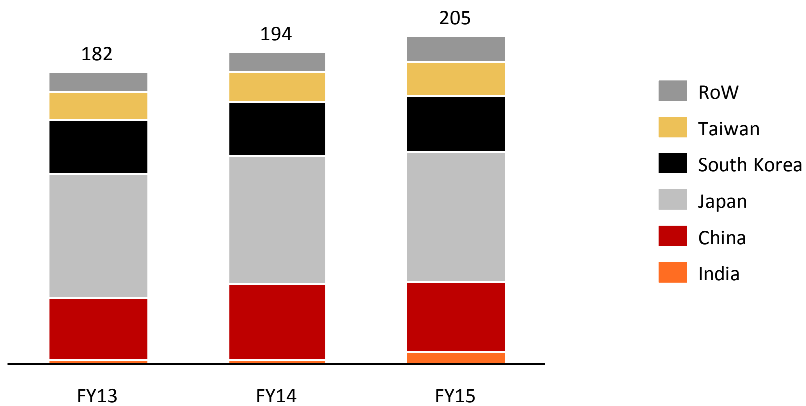
Source: Wood Mackenzie, AZJ analysis

Australian coal export volume continued to grow in FY15 as increased shipments to India and other markets more than offset softer Chinese demand

Australia's metallurgical coal exports by destination (mt)



Australia's thermal coal exports by destination (mt)



- Australia recorded continued growth in coal exports in FY15. Lower exports to China were more than offset by increased volume to other markets, particularly India. Higher volume was achieved despite severe weather events disrupting the export supply chain, notably severe storms in the Hunter (NSW) in April and Tropical Cyclone Marcia (QLD) in February.
  - Metallurgical coal exports +4%yr to 187mt
  - Thermal coal exports +5%yr to 205mt
- Over the six months to June 2015, India eclipsed Japan and China as the single largest market for Australian metallurgical coal
  - Looking forward, India has minimal domestic metallurgical coal resources to meet growth in demand as India's blast furnace capacity expands
  - Australian producers and Aurizon are well positioned to satisfy future growth in India's demand for seaborne metallurgical coal
- Australian thermal coal exports to India grew strongly in FY15 to 7.7mt, approximately four times FY14 volume
  - Significant uplift in India's demand for Australian thermal coal reflects rapid growth in its coal-fired electricity generation with increasing levels of imports necessary to meet ongoing growth in demand

Source: ABS catalogue 5368.0 (customised subscription)

Definitions

Metric	Description
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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