FY2017 Results

Andrew Harding – MD & CEO
Pam Bains – CFO & Group Executive Strategy

14th August 2017

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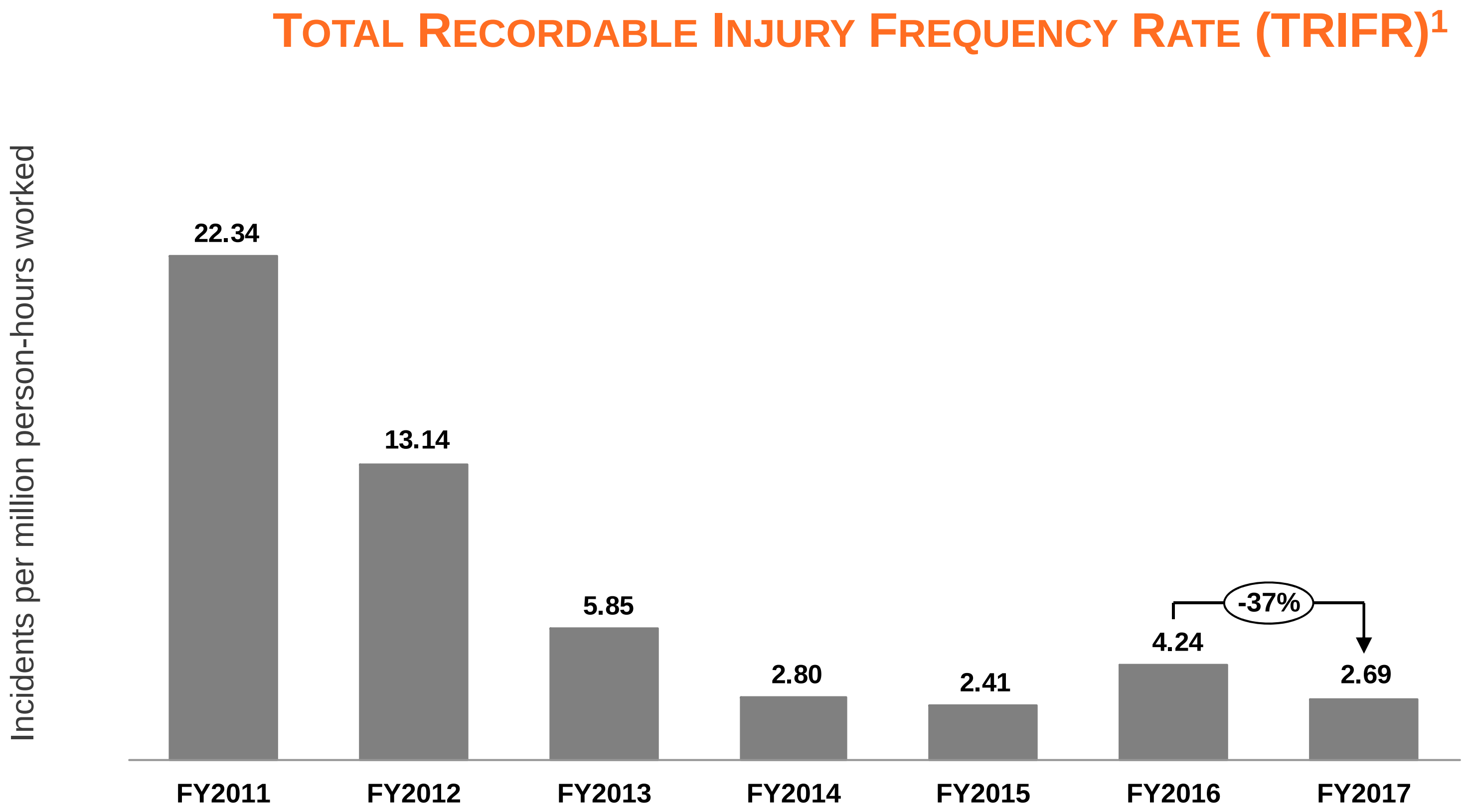
Year in review

Andrew Harding - Managing Director & CEO

Targeted initiatives driving safety performance, new measures in FY2018



1. TRIFR includes employees only and does not include contractors, and represents a 12-month rolling rate

Cyclone impacted underlying performance, strong cash flow delivers shareholder returns

FINANCIAL RESULTS	› Revenue flat at $3.5bn – Below Rail increase offset by Above Rail decrease › Underlying EBIT down 4% to $836m due to impact of Cyclone Debbie › Statutory NPAT ($188m) due to Bulk and Intermodal impairments › ROIC stable at 8.7%
TRANSFORMATION	› $129m of benefits delivered › Intermodal exit – sale of Acacia Ridge and Queensland business and shutdown of Interstate
CASH FLOW	› Free cash flow (FCF) up 86% to $634m
STRUCTURE	› Business Unit (BU) model implemented 1 July 2017, new reporting segments in FY2018 › All group executive appointments completed
SHAREHOLDER RETURNS	› Target gearing of ~40% › Final dividend of 8.9cps – 100% payout of underlying NPAT › $300m on-market buy-back announced

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Above Rail impacted by cyclone and weak Freight results

REVENUE	› Coal Above Rail up 1% on revenue quality despite cyclone impacted volumes › Freight down 8% due to lower revenue quality and volumes › Iron Ore down 12%, with volumes down 4% and impact of rate relief
UNDERLYING EBIT	› Down 8% to $402m due to impact of cyclone and deteriorating Freight performance
MARKETS	› Coal: market conditions improved, stronger commodity prices, Australian export volumes impacted by cyclone temporarily restricting supply › Iron ore: price support from higher Chinese steel production and margins. Additional supply expected to put pressure on prices long term
CUSTOMERS	› Coal: all customers[1] at positive cash margins, weighted average contract life 9.9 years › Iron ore: majority of customers[1] positive cash margins, weighted average contract life 7.7 years › Contracts executed include Carborough Downs, Batchfire Resources, Yanzhou and QAL
VOLUMES	› Coal 198.2mt – down 4% due to ~11mt cyclone impact in Qld (down 8%), growth continues in NSW (up 9%) › Iron ore 22.7mt – down 4% due to lower customer production

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NOTE: Above Rail is a combination of Commercial & Marketing and Operations representing all Above Rail commercial and operational relationships with customers across all commodities (prior Coal, Iron Ore and Freight businesses)
1. Based on Aurizon analysis and Wood Mackenzie data

Below Rail solid despite cyclone

REVENUE	› Increased 7% to $1.3bn despite impact of cyclone › $80m true-up from under recovery of UT4 revenue from prior years
UNDERLYING EBIT	› Down 3% to $490m with additional cyclone-related operating costs and increased depreciation › Regulatory mechanisms to recover $69m cyclone impact in future years[1]
OPERATIONAL PERFORMANCE	› Operational performance strong despite cyclone with four monthly railing records achieved › Metrics impacted by cyclone – performance to plan 86.8%, 90.6% excluding cyclone impact › Cancellations due to Network at 1.2%, below the five year average of 1.7%
RAB	› Estimated $5.8bn[2] value at start of UT5
REGULATION	› UT4 finalised October 2016, UT5 submitted November 2016 › Awaiting UT5 draft decision from QCA, transitional tariffs apply from 1 July 2017

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1. Subject to QCA approval
2. Estimate as at 30 June 2017 – includes deferred capital but excludes $0.4bn in assets operating under Access Facilitation Deeds (AFD). Estimate subject to QCA Approval of RAB roll-forward and approval of the FY2016 and FY2017 Capital Claims

Transformation continues to generate value

HEADLINE BENEFITS	› $129m generated in FY2017
OPERATIONS ($94M)	› Labour productivity improved 10% › Changes to regional management structure › Increase in variable traincrew numbers › Fleet productivity[1] metrics impacted by cyclone, initiatives to note include › Longer trains commenced in Newlands and Goonyella › Active rollingstock numbers increased due to additional coal demand in NSW and Qld
CENTRALISED SUPPORT ($35M)	› New structure implemented with reduced management layers and positions › Continued focus on governance and discretionary spend
FUTURE STATE	› On target for $380m FY2016 - FY2018 commitment › Exit of Intermodal contributes to transformation by permanently removing financial loss › Benefits to be generated beyond FY2018 - closure of Rockhampton rollingstock workshop to be finalised CY2018, traincrew sourcing opportunities by end of FY2018

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1. Defined as '000 NTK per active locomotive and active wagon day

Results analysis

Pam Bains – CFO & Group Executive Strategy

Group financial highlights

$m	FY2017	FY2016	Variance
Revenue	3,452	3,458	0%
Operating costs	(2,031)	(2,026)	0%
Depreciation & amortisation	(585)	(561)	(4%)
EBIT – underlying[1]	836	871	(4%)
EBIT – statutory	(91)	343	nm
Operating Ratio (%)	75.8%	74.8%	(1.0ppt)
NPAT – underlying[1]	461	510	(10%)
NPAT – statutory	(188)	72	nm
EPS (cps) – underlying	22.5	24.4	(8%)
EPS (cps) – statutory	(9.2)	3.5	nm
DPS (cps)	22.5	24.6	(9%)
Free Cash Flow	634	340	86%

- Revenue includes increased Below Rail from UT4 timing differences offsetting volume driven reduction in Above Rail
- Operating costs reflect increased fuel, energy and consumables costs offsetting transformation benefits
- Depreciation increase due to Below Rail increase
- Statutory results impacted by $927m significant items (asset impairments and redundancy costs)
- Dividend based on 100% payout ratio of underlying NPAT

1. Refer following slide for details of underlying adjustments

Earnings reconciliation and significant items

EARNINGS RECONCILIATION

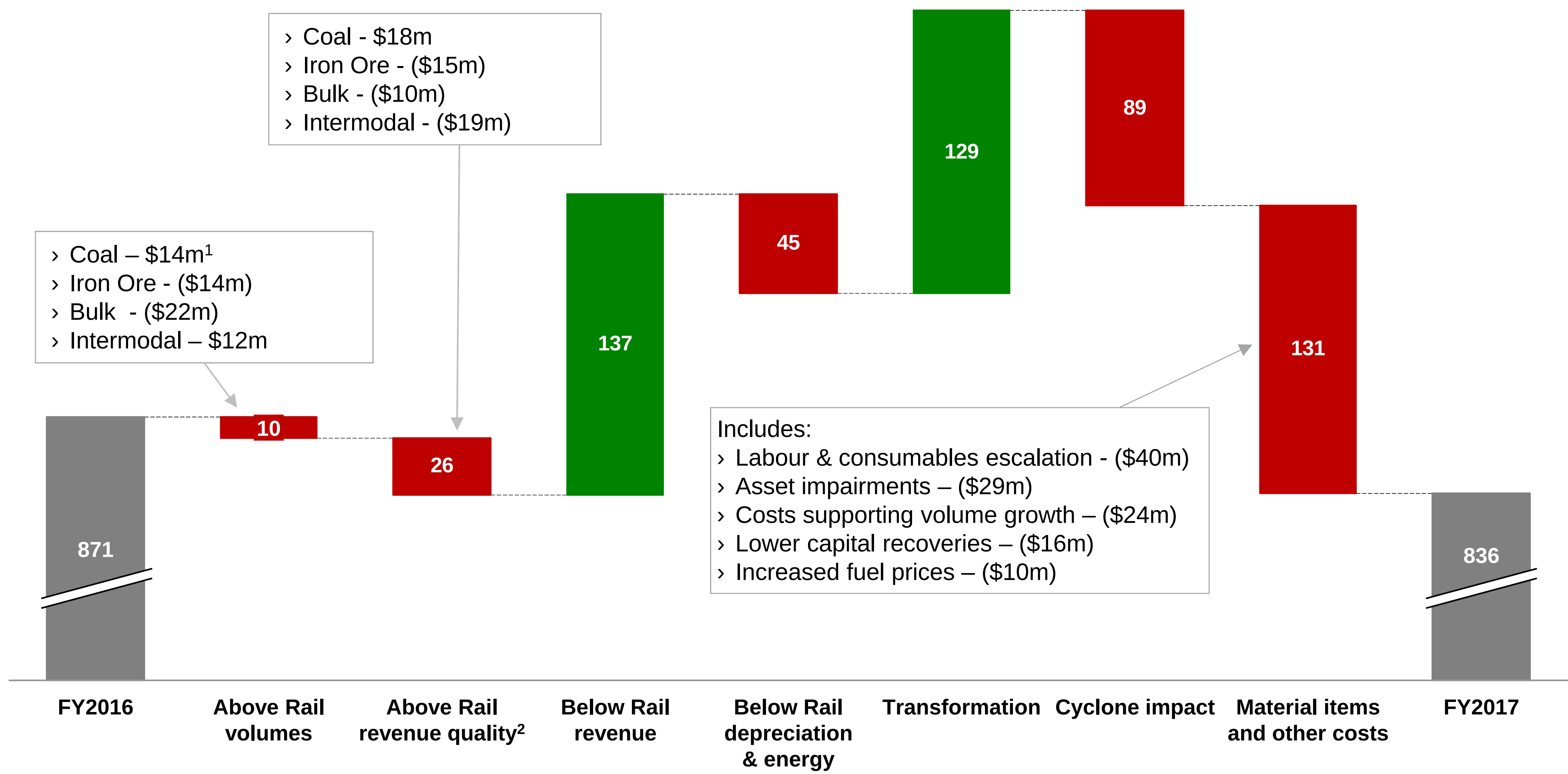
$m	FY2017	FY2017		FY2016
		2H	1H	
Underlying EBIT	**836**	**348**	**488**	**871**
Significant items				
Impairments	(811)	(554)	(257)	(528)
Redundancy costs	(116)	(52)	(64)	-
Statutory EBIT	**(91)**	**(258)**	**167**	**343**
Net finance costs	(179)	(87)	(92)	(150)
Statutory profit/(loss) before tax	(270)	(345)	75	193
Income tax benefit/(expense)	82	103	(21)	(121)
Statutory NPAT	**(188)**	**(242)**	**54**	**72**

SIGNIFICANT ITEMS – IMPAIRMENTS

	$m
Intermodal	(162)
Bulk	(526)
FMT[1] project	(64)
Freight review contract costs	(10)
Transformation related	(49)
	(811)

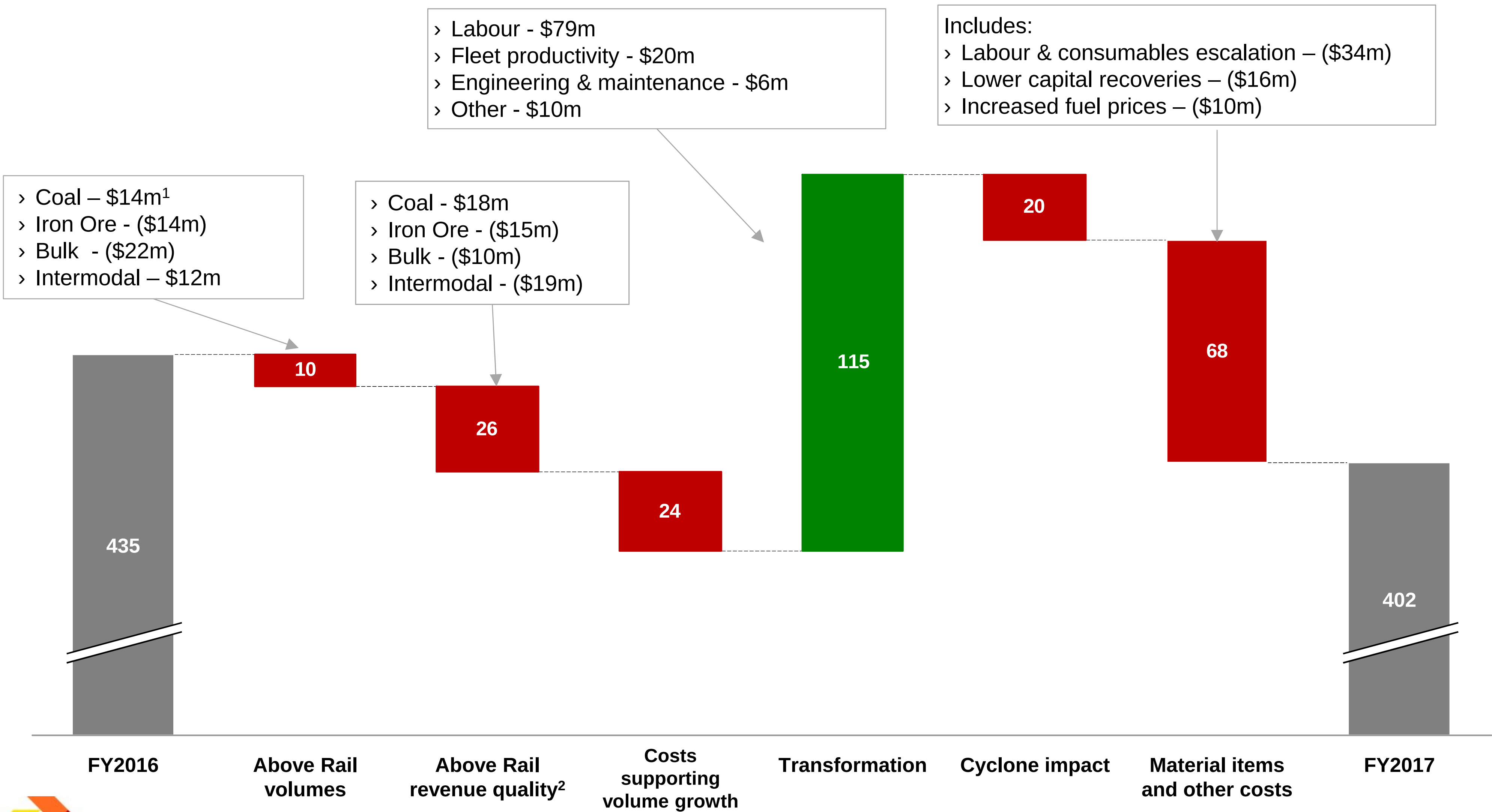
1. Freight Management Transformation

Underlying EBIT bridge – Group ($m)



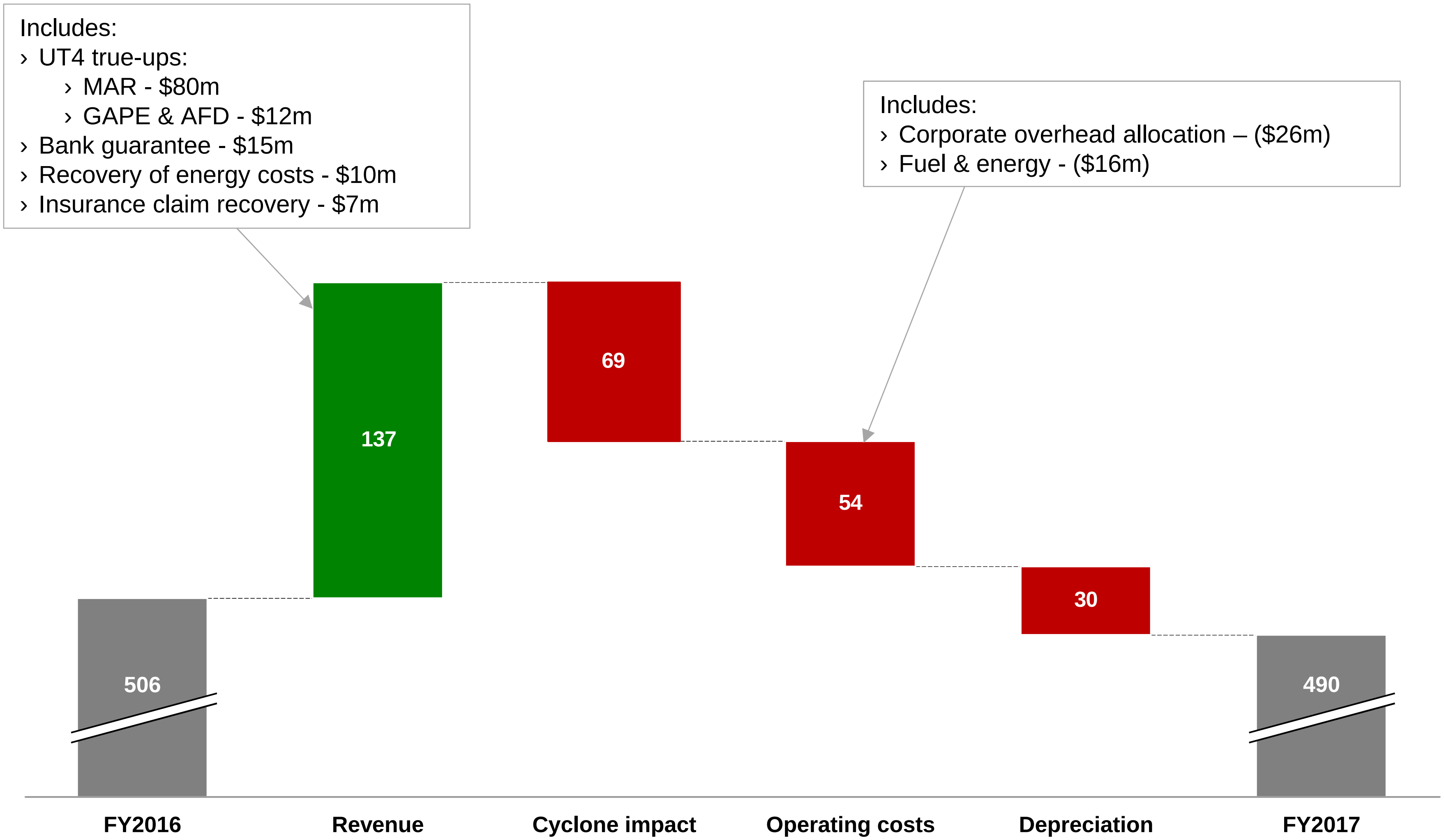
1. Coal volumes excluding the impact of cyclone Debbie. Cyclone impact is shown separately on the bridge
2. Revenue quality is net of fuel price and access

Underlying EBIT bridge – Above Rail ($m)



1. Coal volumes excluding the impact of cyclone Debbie. Cyclone impact is shown separately on the bridge
2. Revenue quality is net of fuel price and access

Underlying EBIT bridge – Below Rail ($m)



Group gearing targeted at ~40%[1]

Target gearing based on the following considerations:

Cash flow sustainability	Flexibility	Credit Rating	Cost of capital
› Sustainability of cash flows through the business cycle	› Flexibility to adjust to changing market conditions and take advantage of future growth opportunities › Business risk – UT5 outcome, freight performance, transformation targets	› Board supports current credit ratings - Moody's Baa1 (stable) and S&P BBB+ (stable) › Facilitates access to a broader range of capital markets	› Seeking to minimise cost of capital

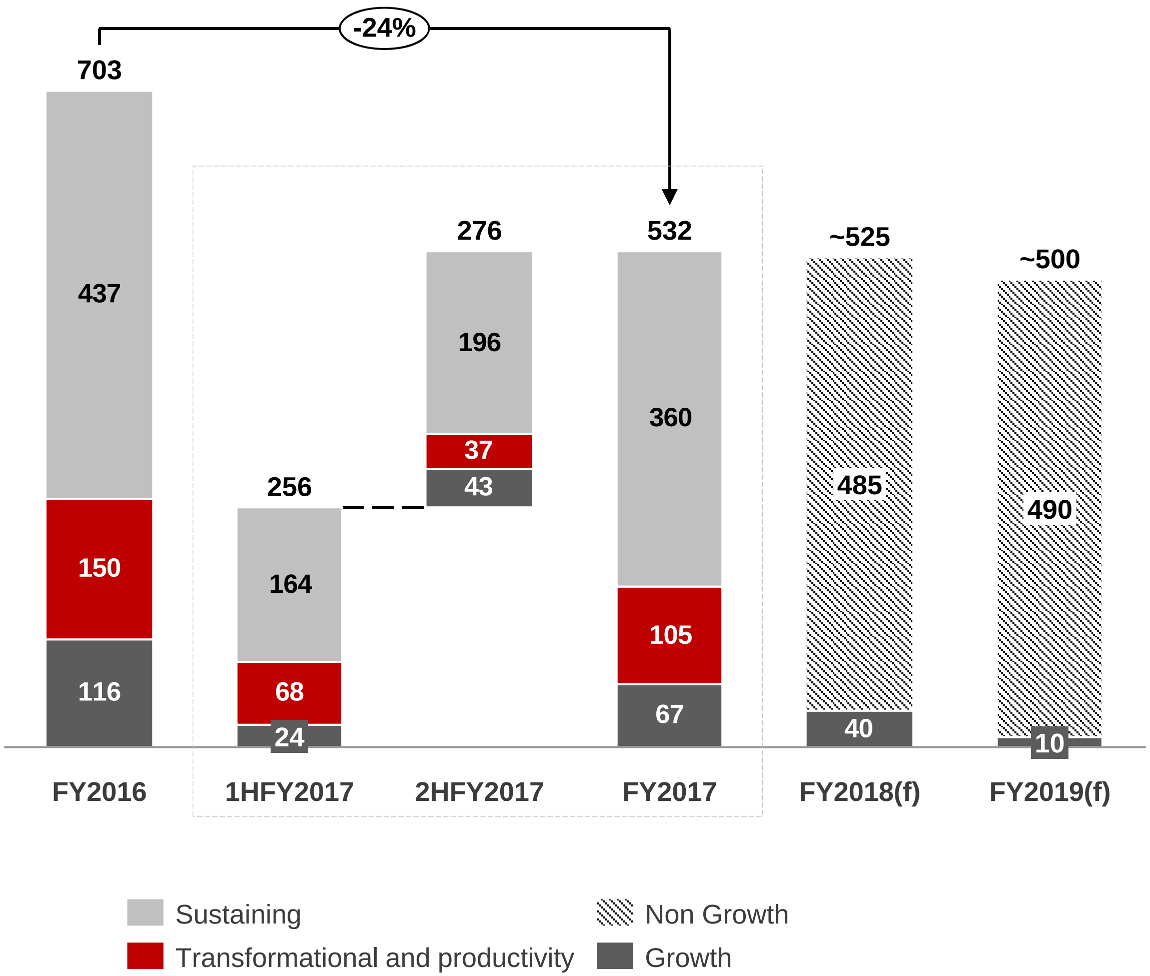
Capital is prioritised as follows

1. Sustaining and transformational capital
2. Dividends (maintaining the dividend payout range of 70-100% of Underlying Net Profit After Tax (NPAT))
3. Surplus capital – growth and/or capital returns

1. Net Debt / (Net Debt + Equity)

Capital spend continues to reduce

CAPITAL EXPENDITURE FY2016 – FY2019 ($M)[1]



- FY2017 capex ~$20m below forecast
- Growth capital increase from previous expectations in FY2017 & FY2018 due to NSW growth volumes
- Transformation capital spend dependent on timing and prioritisation
- Non growth capital expenditure for FY2018 & FY2019 remains ~$500m per annum
- Forecast capital is evenly split between above and below rail

1. Includes capitalised interest but excludes strategic projects

Continuation of strong FCF generation

$m	FY2017	FY2016
EBITDA - statutory	493	904
Working capital & other movements	76	(85)
Non-cash adjustments - impairment	841	528
Cash from operations	**1,410**	**1,347**
Interest received	3	2
Income taxes paid	(175)	(131)
Net cash inflows from operating activities	**1,238**	**1,218**
Net cash outflow from investing activities	**(431)**	**(740)**
Net (repayments) / proceeds from borrowings	(55)	442
Payment for share buyback and share based payments	(7)	(355)
Interest paid	(173)	(138)
Dividends paid to company shareholders	(552)	(529)
Net cash outflow from financing activities	**(787)**	**(580)**
Net increase / (decrease) in cash	**20**	**(102)**
Free Cash Flow (FCF)[1]	***634***	***340***

- Strong performance despite cyclone impact
- FCF includes $98m proceeds from sale of Moorebank investment
- Working capital improvement due to lower debtors and focus on inventory management
- Increased gearing and continued growth in FCF enables growth in shareholder distributions in FY2018

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1. Defined as net cash inflow from operating activities less net cash outflow from investing activities less interest paid

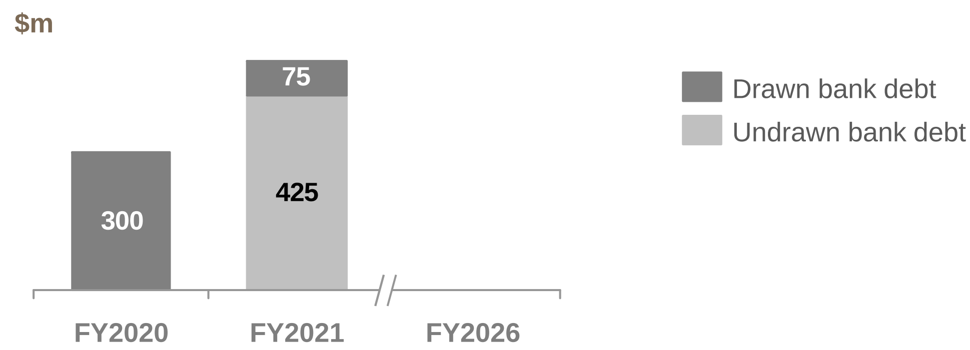
Funding update

CURRENT RATINGS ARE APPROPRIATE

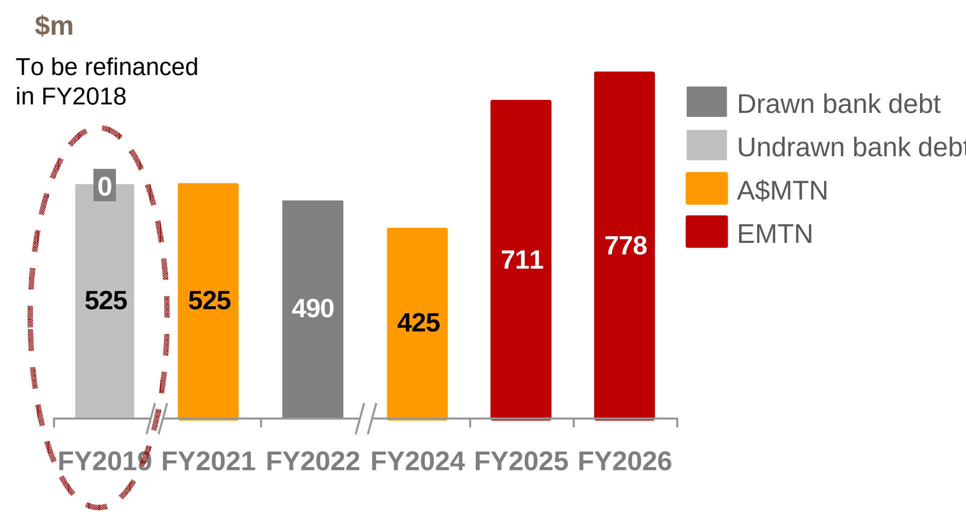
- Moody's credit rating outlook was lifted to stable in February 2017
- Aurizon Network issued second bond in the Australian debt capital markets (7yr A$MTN Medium Term Note) in June 2017. Proceeds used to repay bank debt
- Strategy remains to refinance in advance of debt maturities (and diversify funding sources / extend tenor where possible)

	FY2017	FY2016
Gearing	39.6%	37.5%
S&P credit ratings	BBB+ (stable)	BBB+ (stable)
Moody's credit ratings	Baa1 (stable)	Baa1 (negative)
Interest cost on drawn debt	5.0%	4.7%

ABOVE RAIL $0.4BN[1] MATURITY PROFILE



BELOW RAIL $2.9BN[1] DEBT MATURITY PROFILE



1. Excludes working capital facility

Business and customer update

Andrew Harding – Managing Director & CEO

Progress and delivery on focus areas informs future strategy

✓ Freight Review	• Focus on Bulk freight • Intermodal exit announced
✓ Capital management	• Target gearing ~40% • Dividends maintained at 100% underlying NPAT • $300m buy-back announced
✓ Structure	• Business unit structure implemented 1 July 2017 • Management team refresh
Transformation	• Delivers value at all stages of the cycle, transition to continuous improvement • Technology and innovation will be key drivers • Improving employee capability to deliver future value
UT5	• Need to ensure appropriate return given risk level • Continue collaborative approach with industry
Strategy	• Addressing current value drivers • Enabling and determining future value drivers

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New structure enabling delivery of Bulk priorities

Freight Review analysis

Three initial decisions emerged

- Retain – either already achieving or close to target returns
- Transform – cost reductions and revenue uplift required
- Exit – no reform possible with future exits depending on contract timing and terms

Updated performance

- Currently EBIT loss making (increased in FY2017)
- Minimum three year turnaround timeframe
- Four hauls exited

New Structure

- Regional leadership, greater focus and accountability

Group Executive – Clay McDonald (Perth)

Iron Ore & Central West (Perth)	*Bulk South West (Perth)*
Bulk North East (Townsville)	*Bulk South East (Brisbane)*

Immediate Priorities

1 Customer service

- Improving reliability and customer service

2 Cost base optimisation

- Service and operating model
- Benefits of transformation program

3 Assess growth options

- Target realistic opportunities

4 Contract Negotiations/ Variations

- Early renewals/variations where appropriate
- Delivery of commercial terms

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Intermodal exit delivers value and certainty

Transaction Summary

Disposal of Acacia Ridge Terminal and Queensland Intermodal business for $220m

- Sale of Acacia Ridge freehold site including transfer of ~30 employee positions
- Sale of Queensland Intrastate business including transfer of ~350 employee positions
- Each transaction is conditional on ACCC and FIRB approval
- Deposit received of $30m is non-refundable if ACCC approval is not granted

Shutdown of Interstate business

- Business to be wound down through to December 2017
- Rollingstock fleet to be redeployed into NSW Coal
- Approximately ~250 employee positions to be affected by closure – the consultation process for affected employees will commence over time
- Redeployment of employees to Coal where possible
- Forrestfield terminal to be divested at later date

Strategic Considerations

1 Removes financial losses

- Historic losses despite TSC subsidies
- $56m EBIT loss in FY2017

2 Challenged operating market

- Market volume growth is sub-GDP
- Long term dynamics trending towards shorter hauls favouring road
- Aurizon is sub-scale and third player in most profitable east-west market
- Terminals, systems and capability disadvantages; significant time and investment required to compete

3 Grow the core business

- Management focused on core competencies of Coal and Bulk
- Cascade rollingstock and people to growth markets including NSW Coal

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Capital allocation framework

Operating Cash flow & Net borrowings (at ~40% targeted gearing)

Sustaining & Transformational Capital

Dividends (70-100% payout ratio)

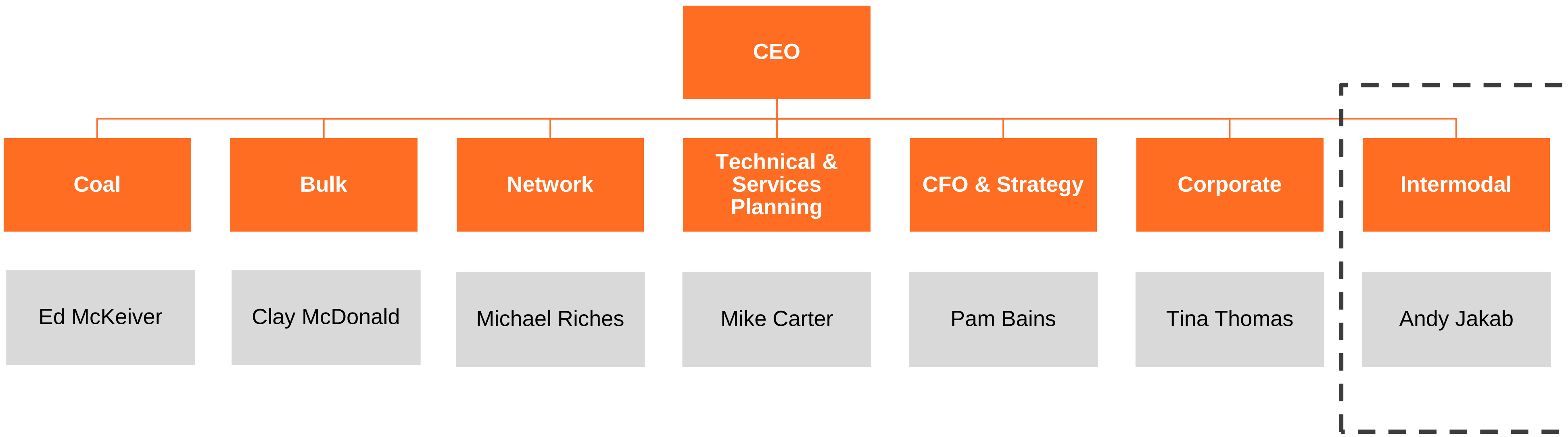
Surplus capital Returns (e.g. Buy-backs)

Growth capital

FY2018 OUTCOMES

- Group gearing target of ~40%
- Final FY2017 dividend maintained at 100% payout of underlying NPAT
- $300m on-market buy-back announced

New business unit structure implemented 1 July 2017



Benefits of new structure

- Enables the enterprise to drive transformation, improve customer service and deliver sustainable productivity improvements
- Greater management accountability
- Retains benefits of central support areas
- Regional focus for key leadership positions in Coal and Bulk

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Outlook & summary

Andrew Harding – Managing Director & CEO

FY2018 guidance excludes Intermodal

PROVIDING EARNINGS GUIDANCE CHALLENGING DUE TO UNKNOWN UT5 OUTCOME[1]

- Underlying EBIT $900 – 960m
- Operating ratio 69.5% - 71.5%
- Key assumptions:
  - Below Rail
    - Transitional tariffs assumed for full year FY2018
    - FY2016 revenue cap ($24m to be repaid to customers)
    - $21m cyclone repair costs recovery
  - Above Rail
    - Coal volumes 215-225mt
    - Bulk losses reduced
    - Intermodal losses and associated costs excluded due to exit process
  - Group
    - Continued delivery of transformation in remaining core business
    - No major weather impacts

1. UT5 variables impacting financial outcome include inflation, cost allocations and WACC. A movement of 50bps on WACC equates to ~$30m EBIT impact based on ~$5.8bn RAB value

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Questions

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Additional information

Aurizon fundamentals on a page

ENTERPRISE

IMPROVE RETURNS

- Effective allocation of capital to ensure optimum portfolio mix and achievement of future enterprise ROIC targets
- Growth capital to be benchmarked against share buy-backs

CASH FLOW GENERATION

- Increased focus on capital spend, especially in lower growth environment

DISTRIBUTIONS

- Maintain dividend payout ratio in 70-100% range, subject to business and market conditions

ABOVE RAIL

- Core business characteristics:
  - Long life assets supported by long duration (10+ years) contracts
  - New form contracts deliver greater revenue and cash flow certainty through higher fixed charges (~70% of tariff)
  - High quality customers with high quality mines

BELOW RAIL

- Defensive, regulated asset supporting major export industry with RAB of $5.8bn

Transformation delivers value to supply chain, customers and shareholders through improved productivity, lower cost and increased capacity

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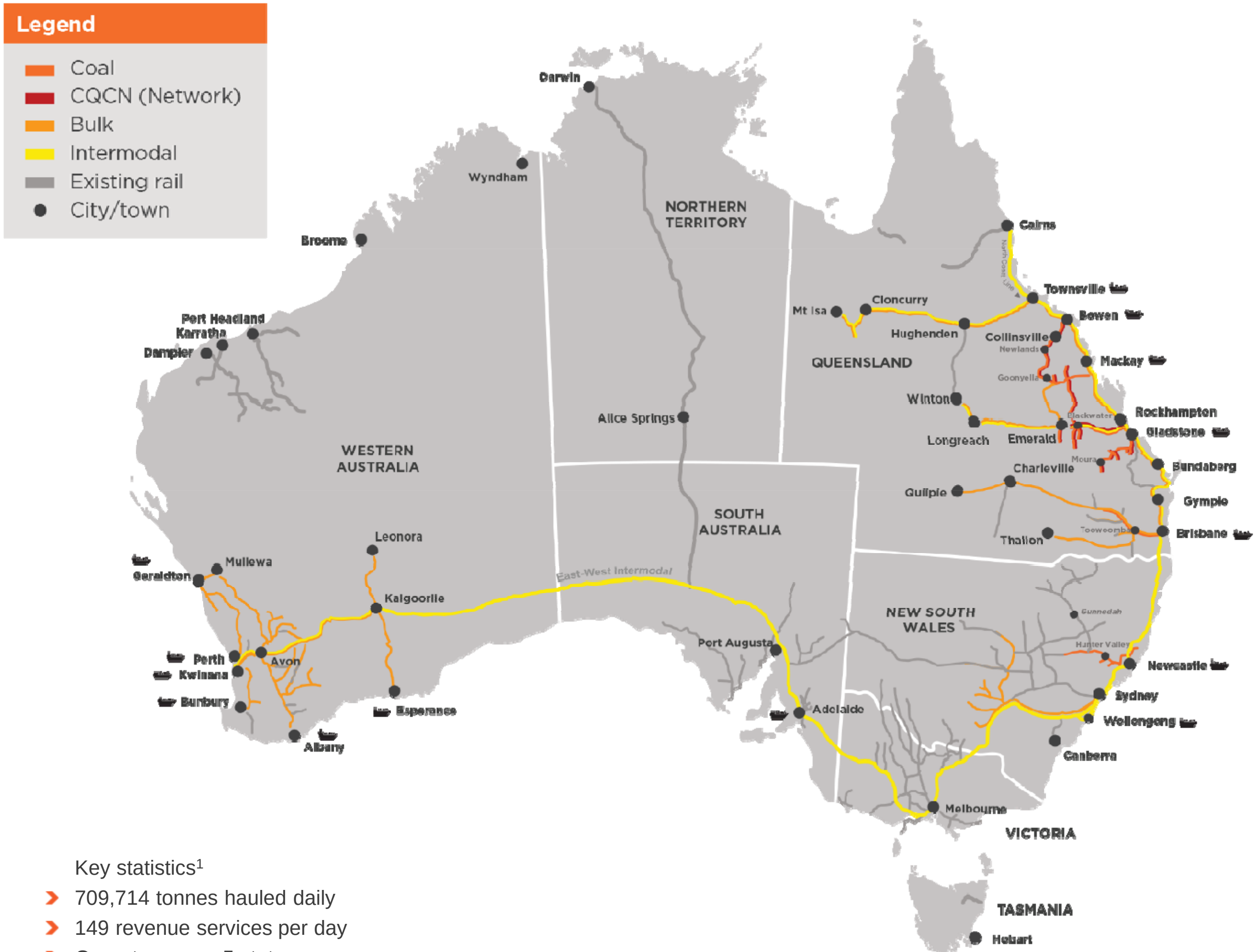
Aurizon's rail haulage operations are Australia-wide



Key operational statistics

COMMODITIES
Coal, iron ore, bulk freight and intermodal

PEOPLE
More than 4,000 operational full-time employees

ROLLING STOCK
Over 500 active locomotives

WAGONS
Over 13,000 active wagons

OPERATIONAL FOOTPRINT
173 operations sites

Key statistics[1]

- 709,714 tonnes hauled daily
- 149 revenue services per day
- Operate across 5 states
  - [1] Key statistics as at July 2017

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Key Above Rail operating markets

	Coal	Iron Ore
Markets	› Coal prices have retreated from the peaks experienced in FY2017, however they remain at higher levels compared with FY2016 › Australia metallurgical coal exports, estimated to be down 7% in FY2017 compared to FY2016, driven by the impact of Cyclone Debbie › Downward pressure placed on Australia's coal export market share, driven by resumption of higher coal exports from competing coal producing nations, incentivised by strong coal prices in the past 18 months	› Price support driven by: › Increase in Chinese crude steel production › Strong Chinese steel mill margins › Additional future supply from Australia and Brazil expected to put some pressure on prices long term
Customers	› All customers estimated at positive cash margins › New form contracts now 96% of volumes › Weighted average contract life 9.9 years › Contracts updated include new agreements with Carborough Downs, Batchfire Resources and early re-contracting with existing customers, Yanzhou and QAL › If current coal prices are sustained it may present future volume and growth opportunities	› At current prices, we expect the majority, if not all customers are cash margin positive › Weighted average contract life 7.7 years › Mt Gibson volumes will continue through to contract end of December 2018, as Iron Hill volumes replace Extension Hill volumes

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Group Financial Information

Financial highlights (underlying)

$m	FY2017	FY2016	Variance
Revenue	3,452.3	3,457.9	0%
Operating costs	(2,031.7)	(2,025.6)	0%
EBITDA	1,420.6	1,432.3	(1%)
EBIT	836.0	871.0	(4%)
NPAT	461.0	510.0	(10%)
EPS (cps)	22.5	24.4	(8%)
Final dividend (cps)	8.9	13.3	(33%)
ROIC	8.7%	8.6%	0.1ppt
Gearing	39.6%	37.5%	(2.1ppt)

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EBIT by segment (underlying)

$m	FY2017	FY2016	Variance
Below Rail (Network)	490.4	505.9	(3%)
Above Rail	401.7	435.0	(8%)
- Commercial & Marketing	*2,718.2*	*2,877.8*	*(6%)*
- Operations	*(2,316.5)*	*(2,442.8)*	*5%*
Other	(56.1)	(69.9)	20%
Group	**836.0**	**871.0**	**(4%)**

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Group operating highlights

	FY2017	FY2016	Variance
Revenue / NTK ($/'000 NTK)	50.0	48.3	4%
Labour Costs / Revenue	24.5%	24.6%	0.1ppt
NTK / FTE (MNTK)	12.3	11.4	8%
EBITDA Margin – Underlying	41.1%	41.4%	(0.3ppt)
Operating Ratio – Underlying	75.8%	74.8%	(1ppt)
NTK (bn)	69.0	71.6	(4%)
Tonnes (m)	259.4	270.9	(4%)
People (FTE)	5,609	6,287	11%

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Operations metrics

	Metric	FY2017	FY2016	Variance
Opex	Net opex[1] / NTK ($/'000 NTK)	33.6	34.1	1%
	Net opex / NTK (excluding access[2]) ($/'000 NTK)	20.7	19.9	(4%)
Production	Total tonnes hauled (m)	259.4	270.9	(4%)
	Net tonne kilometres - NTK (bn)	69.0	71.6	(4%)
People	Full Time Equivalents (FTE)[3]	4,393	5,013	(12%)
	Labour productivity (NTK / FTE)[4]	15.7	14.3	10%
Fleet	Loco productivity ('000 NTK / Active loco day)	371.0	375.7	(1%)
	Wagon productivity ('000 NTK / Active wagon day)	14.2	14.7	(3%)
Productivity & efficiency	National Payload (tonnes)[5]	4,677	4,659	-
	Velocity (km/hr)	29.3	29.8	(2%)
	Fuel consumption (l/d GTK)	3.11	3.10	-

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. National Payload includes all services for Aurizon's Operations (including Coal, Bulk and Intermodal)

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Balance sheet summary

As at ($m)	30 June 2017	30 Jun 2016
Total current assets	729.4	843.9
Property, plant & equipment	8,835.0	9,719.2
Other non-current assets	281.5	305.9
Total assets	**9,845.9**	**10,869.0**
Other current liabilities	(665.2)	(733.3)
Total borrowings	(3,376.2)	(3,490.1)
Other non-current liabilities	(782.4)	(932.0)
Total liabilities	**(4,823.8)**	**(5,155.4)**
Net assets	**5,022.1**	**5,713.6**
Gearing - net debt / (net debt + equity)	**39.6%**	**37.5%**

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Reconciliation of borrowings

$m		Commentary
Total debt including working capital facility	3,383	› Non-current debt on a Cash basis
Reconciliation to Financial Statements		
Add/(less):		
Capitalised transaction costs	(10)	› Transaction costs directly attributable to borrowings are capitalised to the balance sheet and amortised to the income statement in accordance with AASB 9, e.g. refinancing costs
Discounts on bonds	(16)	› Discounts on mid-term-notes capitalised to the balance sheet and unwound to the income statement in accordance with AASB 9
MTM adjustment on EMTN	19	› Fair value hedge MTM adjustment on EMTN in accordance with AASB 9
Total adjustments	(7)	
Total borrowings per financial report	**3,376**	› Current and non-current borrowings

Material items to note

$m	FY2017	FY2016	Variance
Redundancy expense	(5)	(24)	19
Long term and short term incentives	(43)	(31)	(12)
Employee shares gifted	-	(16)	16
Employee Costs	**(48)**	**(71)**	**23**
Land rehabilitation	7	(9)	16
Employee Provisions	8	3	5
Non Cash Provisions	**15**	**(6)**	**21**
QNI doubtful debt provision	-	(20)	20
Total net impact	**(33)**	**(97)**	**64**

- Table represents items that are included in Underlying EBIT
- This table is designed to assist investors to ‘normalise’ underlying earnings
- Redundancy costs in FY2017 of $116m have been treated as a significant item due to their size – this is consistent with treatment in FY2013 and FY2014. $5m of redundancy costs are not transformation related and have been included in underlying EBIT
- The movement in the land rehabilitation and employee provisions are half year-end non-cash adjustments and are impacted by the movement in discount rates

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Redundancy cost breakdown

Year	Redundancy costs included in underlying EBIT ($m)	Redundancy costs classified as Significant items ($m)
FY2011	2	63
FY2012	15	-
FY2013	-	96
FY2014	-	69
FY2015	36	-
FY2016	24	-
FY2017	5	116

- Redundancy costs since IPO have been included in underlying EBIT as well as classified as a significant item
- Aurizon classifies redundancy costs as significant in the notes to the financial statements, 4E, 4D and investor presentations when the amounts are considered material

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Dividend history

	Payment Date	Amount per share (cents)	Franking	Payout Ratio
FY2017 Final	25 September 2017	8.9	50%	100%
FY2017 Interim	27 March 2017	13.6	70%	100%
FY2017 Total dividend		**22.5**		
FY2016 Final	26 September 2016	13.3	70%	100%
FY2016 Interim	29 March 2016	11.3	70%	100%
FY2016 Total dividend		**24.6**		
FY2015 Final	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**		

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The relevant final dividend dates are:

› Ex-dividend date 28 August 2017
› Record date 29 August 2017

Function & Segment detail

Below Rail profit & loss (underlying)

$m	FY2017	FY2017		FY2016	Variance
		2H	1H		
Tonnes (million)	210.8	97.9	112.9	225.9	(7%)
Revenue - access	1,199.9	571.4	628.5	1,135.9	6%
Services/other	62.2	19.6	42.6	42.5	46%
Total Revenue	**1,262.1**	**591.0**	**671.1**	**1,178.4**	7%
Operating costs	(484.3)	(249.9)	(234.4)	(414.8)	(17%)
EBITDA	**777.8**	**341.1**	**436.7**	**763.6**	**2%**
EBITDA margin	61.6%	57.7%	65.1%	64.8%	(3.2ppt)
Depreciation and amortisation	(287.4)	(145.7)	(141.7)	(257.7)	(12%)
EBIT	**490.4**	**195.4**	**295.0**	**505.9**	(3%)
Operating Ratio	**61.1%**	**66.9%**	**56.0%**	**57.1%**	**(4.0ppt)**

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Above Rail profit & loss (underlying)

$m	FY2017	FY2017		FY2016	Variance
		2H	1H		
Revenue	**2,981.2**	**1,486.9**	**1,494.3**	**3,146.1**	(5%)
Track access	(888.9)	(444.0)	(444.9)	(1,015.6)	12%
Employee benefits	(701.7)	(336.8)	(364.9)	(739.8)	5%
Consumables	(536.4)	(290.6)	(245.8)	(500.0)	(7%)
Fuel	(127.5)	(66.2)	(61.3)	(120.7)	(6%)
Other	(34.7)	(18.2)	(16.5)	(36.0)	4%
Total operating expenses	**(2,289.2)**	**(1,155.8)**	**(1,133.4)**	**(2,412.1)**	5%
EBITDA	**692.0**	**331.1**	**360.9**	**734.0**	(6%)
Depreciation and amortisation	(290.3)	(147.4)	(142.9)	(299.0)	3%
EBIT	**401.7**	**183.7**	**218.0**	**435.0**	(8%)
Operating Ratio	86.5%	87.6%	85.4%	86.2%	(0.3ppt)

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Commercial & Marketing profit & loss (underlying)

$m	FY2017	FY2017		FY2016	Variance
		2H	1H		
Total revenue	**2,751.1**	**1,357.4**	**1,393.7**	**2,932.0**	(6%)
Coal	1,795.0	904.6	890.4	1,881.4	(5%)
- Above rail	1,164.7	579.1	585.6	1,147.5	1%
- Track access	630.3	325.5	304.8	733.9	(14%)
Freight	682.7	318.3	364.4	739.4	(8%)
Iron Ore	273.4	134.5	138.9	311.2	(12%)
Operating costs	(29.7)	(14.0)	(15.7)	(50.0)	41%
EBITDA	**2,721.4**	**1,343.4**	**1,378.0**	**2,882.0**	(6%)
Depreciation and amortisation	(3.2)	(1.5)	(1.7)	(4.2)	24%
EBIT	**2,718.2**	**1,341.9**	**1,376.3**	**2,877.8**	(6%)

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Operations profit & loss (underlying)

$m	FY2017	FY2017 2H	FY2017 1H	FY2016	Variance
Revenue	**230.1**	**129.5**	**100.6**	**214.1**	7%
Track access	(888.9)	(444.0)	(444.9)	(1,015.6)	12%
Employee benefits	(676.2)	(323.5)	(352.7)	(710.4)	5%
Consumables	(534.5)	(293.9)	(240.6)	(493.6)	(8%)
Energy & fuel	(127.5)	(66.2)	(61.3)	(120.7)	(6%)
Other	(32.4)	(14.2)	(18.2)	(21.8)	(49%)
Total operating expenses	**(2,259.5)**	**(1,141.8)**	**(1,117.7)**	**(2,362.1)**	4%
EBITDA	**(2,029.4)**	**(1,012.3)**	**(1,017.1)**	**(2,148.0)**	6%
Depreciation and amortisation	(287.1)	(145.9)	(141.2)	(294.8)	3%
EBIT	**(2,316.5)**	**(1,158.2)**	**(1,158.3)**	**(2,442.8)**	5%
EBIT (ex access)	(1,427.6)	(714.2)	(713.4)	(1,427.2)	-

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Other profit & loss (underlying)

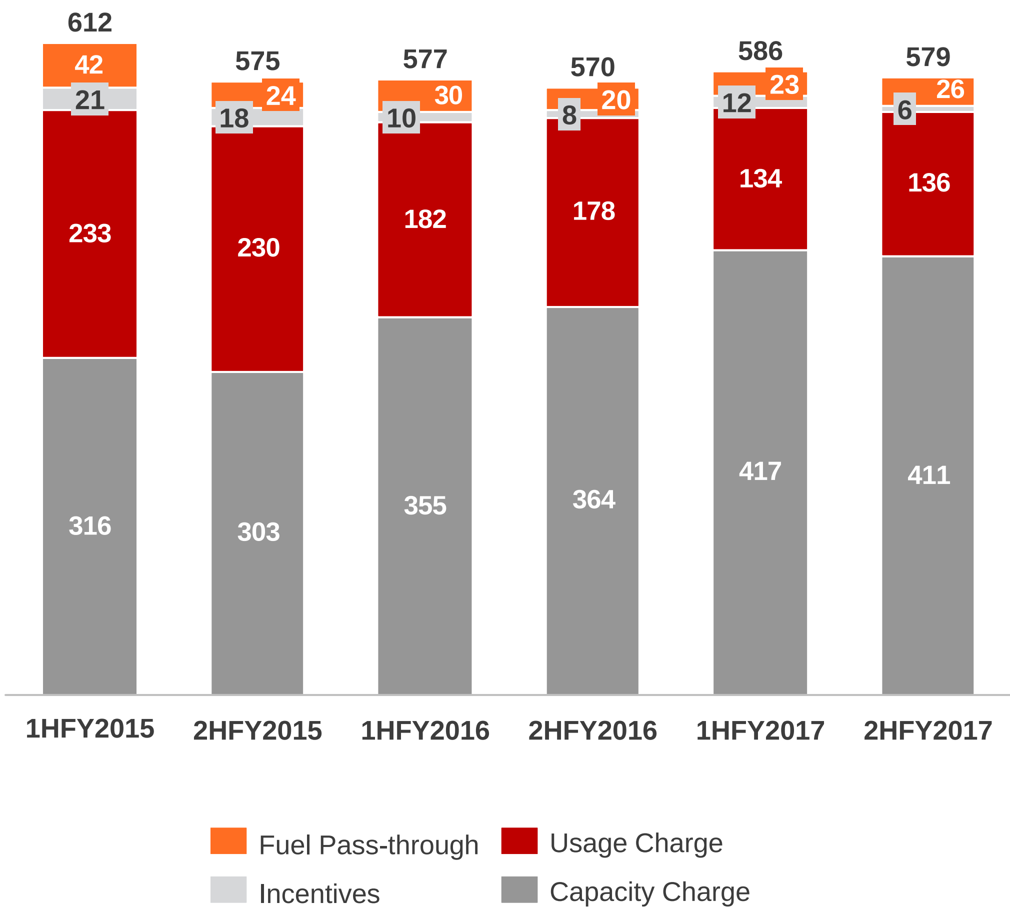
$m	FY2017	FY2017		FY2016	Variance
		2H	1H		
Revenue	**6.5**	**4.5**	**2.0**	**15.4**	(58%)
Employee benefits	(29.3)	(11.6)	(17.7)	(34.9)	16%
Consumables[1]	(8.6)	(5.0)	(3.6)	(36.0)	76%
Other	(17.8)	(15.0)	(2.8)	(9.8)	(82%)
Total operating expenses	**(55.7)**	**(31.6)**	**(24.1)**	**(80.7)**	31%
EBITDA	**(49.2)**	**(27.1)**	**(22.1)**	**(65.3)**	25%
Depreciation and amortisation	(6.9)	(4.0)	(2.9)	(4.6)	(50%)
EBIT	**(56.1)**	**(31.1)**	**(25.0)**	**(69.9)**	20%

1. FY2017 includes $26m one-off overhead recovery from Aurizon Network to reflect the final UT4 decision in relation to the corporate cost allocation FY2014 and FY2015 true-up

Coal Above Rail revenue composition

CORE REVENUE[1] REMAINS STABLE DESPITE CYCLONE IMPACT

- In FY2017 fixed revenue (capacity charge) has increased and variable revenue (usage charge) has decreased reflecting increase in new form volumes.
- Fuel revenue represents the cost passed through to the customer. Fuel price increases in FY2017 offset by lower volumes.
- Capacity charge made up 71% of above rail revenue (increased from 63% in FY2016). Lower volumes due to cyclone in 2HFY2017 protected by this increased proportion of new form volumes.



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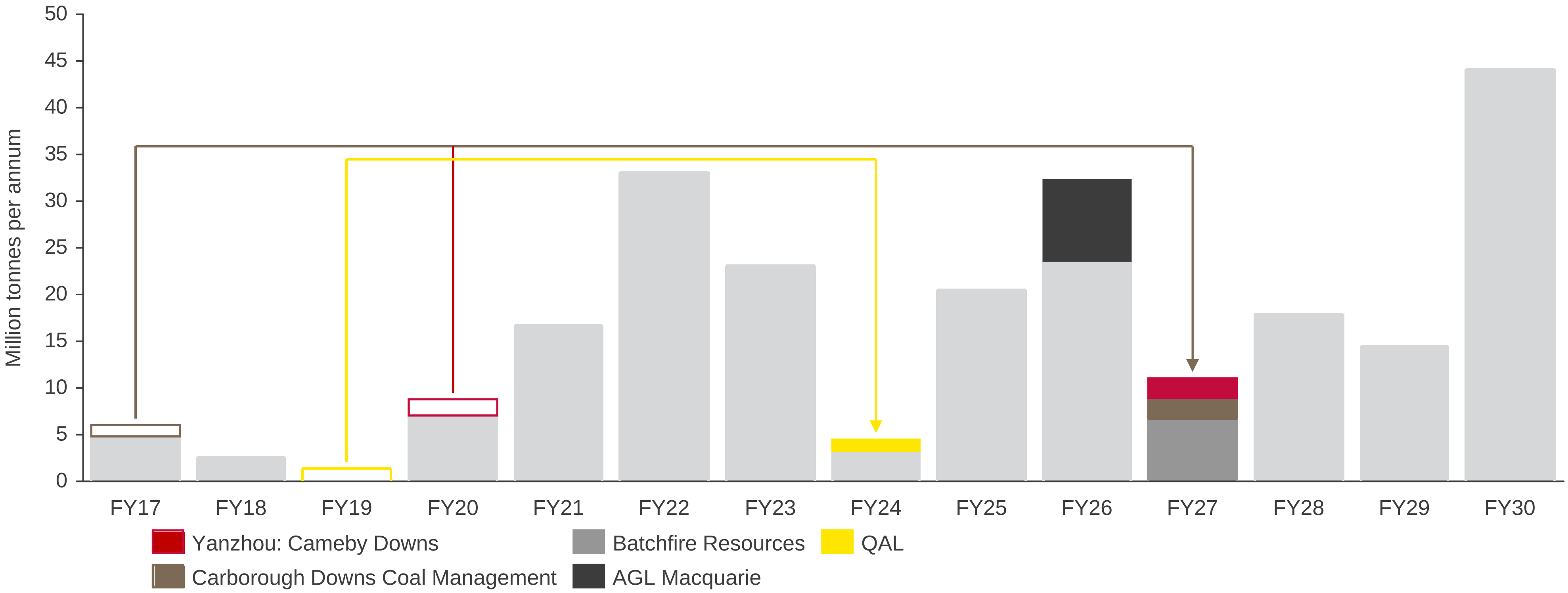
1. Excludes Below Rail access pass through revenue

Coal contract expiry

AURIZON ABOVE RAIL CONTRACT VOLUME EXPIRY BY YEAR

(mtpa, as at 30 June 2017)

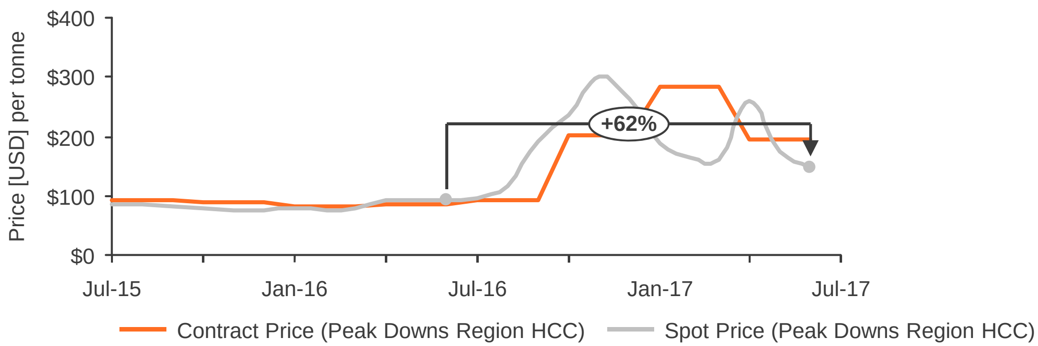


Notes:

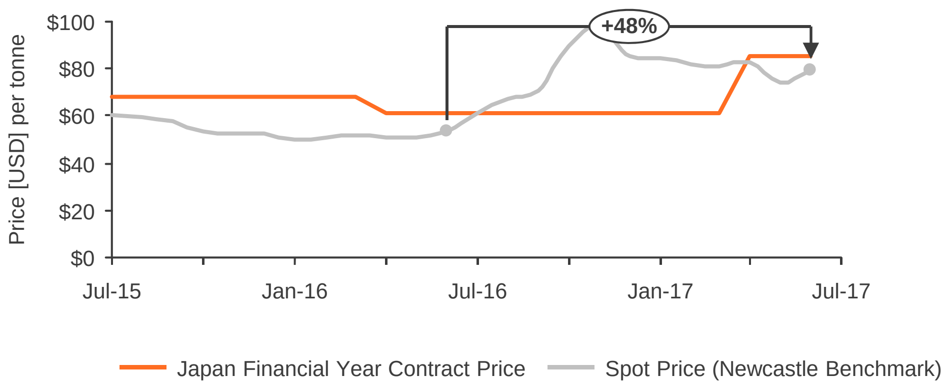
- *Caledon (Administrators Appointed) contract has been excluded from the above analysis*
- *Where contracts have an extension option, the contract expiry year incorporates the extension period*

Coal market update: Market Fundamentals

METALLURGICAL COAL: CONTRACT AND SPOT PRICE (USD)
Month Average



THERMAL COAL: CONTRACT AND SPOT PRICE (USD)
Month Average



Source: Platts

- Driven by the relaxation of policy that had previously limited domestic coal production in China throughout 2016, coal prices retreated at the start of January 2017 with the hard coking coal spot price (Peak Downs Region) trading in March at an average of US$160/t and the thermal coal spot price (Newcastle) trading at an average of US$81/t
- Short-term scarcity created by the impact of Cyclone Debbie pushed the daily hard coking coal spot price back above US$300/t in mid-April before the resumption of supply returned the price to pre-cyclone levels from around mid-May
- Australia metallurgical coal export volume is estimated to be down 6% in FY2017 (to 177mt) compared to the previous year with the reduction primarily driven by the impact of the Cyclone Debbie. Australian thermal coal export volume increased by 1% in FY2017 (to 202mt) compared to the previous year
- At a global seaborne level, downward pressure has been placed on the Australian market share in both the metallurgical and thermal coal markets as increasing coal prices over the past 18 months have incentivised a resumption of export volume from (higher cost) supply from competing coal producing nations

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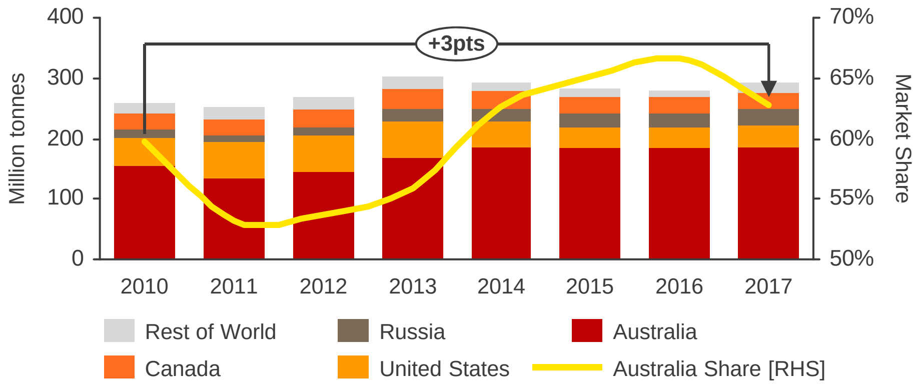
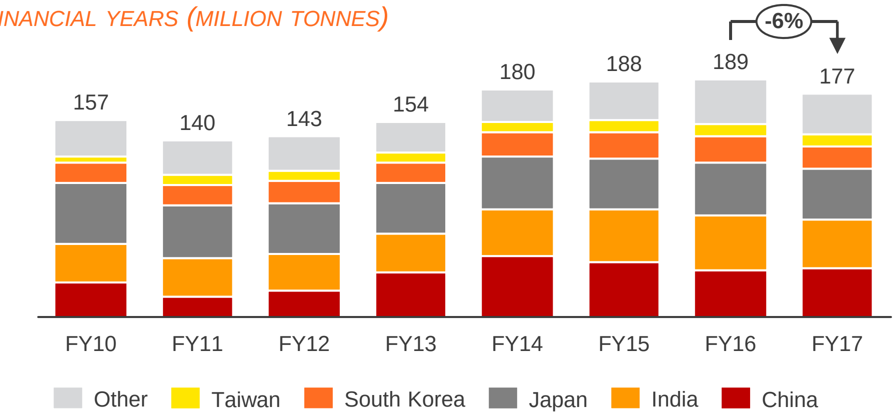
Coal market update: Australia

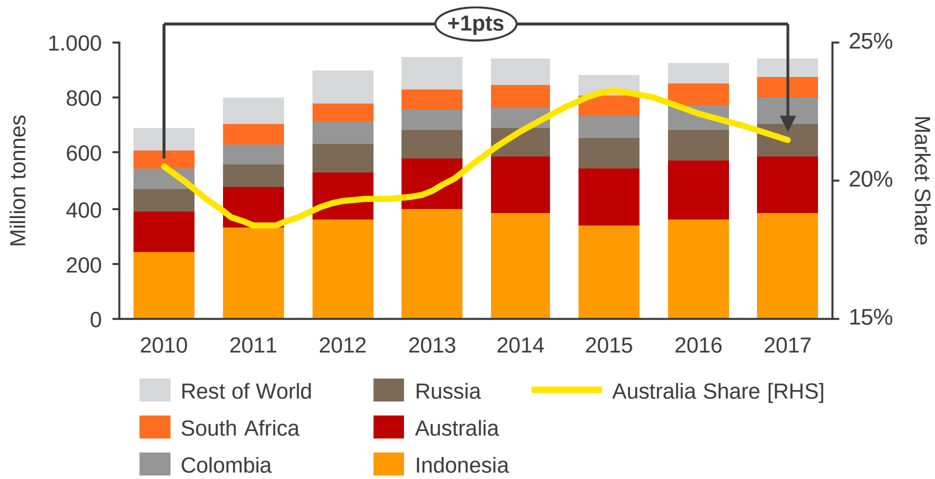
Global metallurgical coal seaborne export market
Volume and market share, calendar year



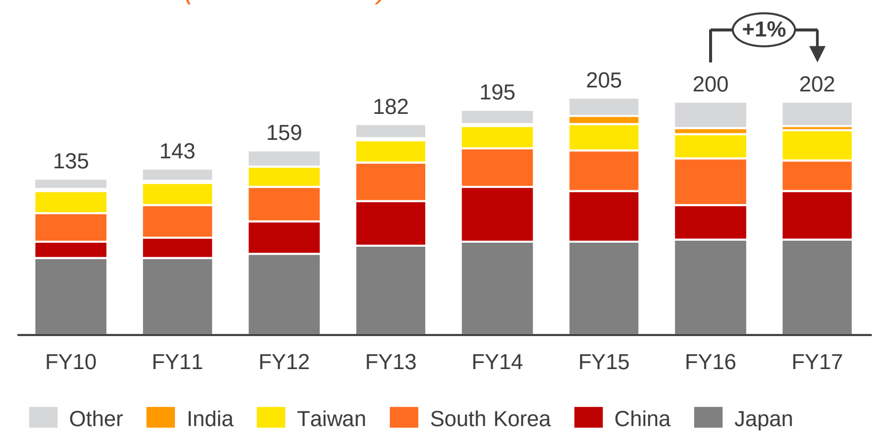
Australia metallurgical coal exports by destination
Financial years (million tonnes)



Global thermal coal seaborne export market
Volume and market share, calendar year



Australia thermal coal exports by destination
Financial years (million tonnes)



Source: Wood Mackenzie Coal Markets Tool (1H 2017), Australia Bureau of Statistics

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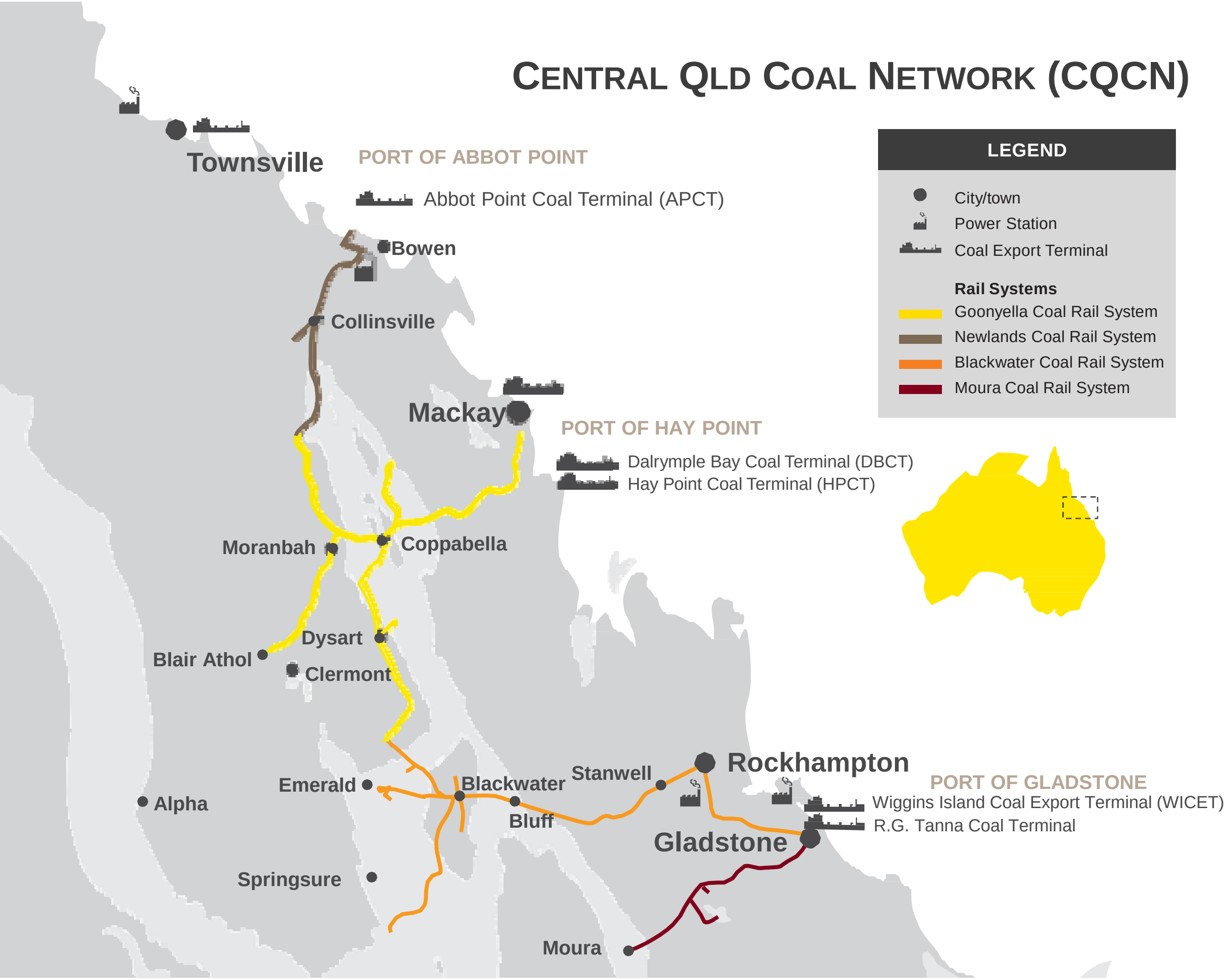
Below Rail snapshot



KEY NETWORK FACTS

40 + operating coal mines serviced	
Open access network with three above rail coal operators – Aurizon Operations, Pacific National and BMA Rail	
70 services per day	
+225mt coal moved each year[1]	
The CQCN comprises four major coal systems and one connecting system link serving Queensland's Bowen Basin coal region: Newlands, Goonyella, Blackwater and Moura with GAPE the connecting system link	
Five export terminals at 3 ports	
One control centre	
Track	2,670 km
Electrified track	2,000 km
It is estimated the value of the regulated Asset Base (RAB) will be $5.8bn[2] as at 30 June 2017	

1. During FY2017 210.8mt was railed over the CQCN with an estimated ~16mt of railings loss due to Cyclone Debbie
2. Estimate as at 30 June 2017 - excludes $0.4bn in assets operating under an Access Facilitation Deed (AFD). Estimate subject to QCA Approval of RAB roll-forward and approval of the FY2016 and FY2017 Capital Claims

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Below rail regulation

UT5 strategy

CONTEXT

- Record volumes[1] for four years in a row, with improved operational metrics
- RAB value now $5.8bn[2] with ~300mt capacity – as requested by industry
- Maintenance regime underpins performance, which benefits the entire supply chain
- Stable regulatory regime in the face of a volatile coal market, being critical for all stakeholders to provide certainty and to ensure continued investment

ENGAGEMENT PLAN

- Engagement with key stakeholders at all levels, including QCA Board
- Ongoing industry engagement with both producers and operators

KEY FOCUS AREAS

- Revenue
  - WACC must provide for a return that reflects the risks faced by Aurizon Network
  - WACC must reflect commercial requirements for a BBB+/Baa1 rated entity
  - Maintenance allowance must ensure safety compliance, continue to support ongoing productivity improvements whilst allowing coal tonnage throughput
  - Recovery of other allowances consistent with efficient costs as approved by the QCA in UT4
  - Recovery of revenue associated with capital investments that were deferred during the term of UT4
- Policy
  - Agreement with industry reached on a number of policy matters, seeking an improved outcome for the supply chain
  - Other major policy items to be addressed as required in the future

1. During FY2017 210.8mt was railed over the CQCN with an estimated ~16mt of railings loss due to the impact of Tropical Cycle Debbie
2. Closing RAB FY2017 estimate, excludes $0.4bn in assets operating under an Access Facilitation Deed (AFD) and is subject to QCA approval

Below Rail volumes[1] (mt)

	FY2017[2]	FY2017		FY2016	Variance fav / (adv)
		2H	1H		
Newlands	12.0	5.8	6.2	12.1	(1%)
Goonyella	111.1	49.7	61.4	121.5	(9%)
Blackwater	52.6	25.1	27.5	56.3	(7%)
Moura	12.2	6.0	6.2	11.9	3%
GAPE	13.3	6.6	6.7	16.0	(17%)
WIRP	9.5	4.6	4.9	8.1	17%
Total	**210.8**	**97.9**	**112.9**	**225.9**	(7%)
Average haul length[2] (kms)	252	254	251	253	-

1. Table represents coal tonnes hauled on the CQCN by all operators
2. Defined as NTK/Net Tonnes

Queensland FY2017 Take or Pay

$m	Above Rail	Below Rail	Consolidated
Income			
Coal customers	4.6		4.6
Network customers	-	42.2	42.2
Expense			
Aurizon Network	(4.6)		(4.6)
Queensland Rail			
Prior year adjustments			
EBIT increase/(decrease)	**-**	**42.2**	**42.2**

- The Blackwater and GAPE Systems triggered take or pay in FY2017 for Aurizon Network
- In all other systems, actual GTK's exceeded system forecast GTK's adjusted for Network cause / force majeure GTK's

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Network revenue cap adjustments

Year	AT_{2-4} (diesel tariff) \$m	AT_5 (electric tariff) \$m	Total \$m
2017[1]	~29	~13	~42
2016[3]	(26.7)[2]	3.1	(23.6)[2]
2015	(29.0)[2]	(2.7)[2]	(31.7)[2]
2014	17.9	(9.8)[2]	8.1
2013[3]	32.8	12.7	45.5
2012	3.2	13.4	16.6
2011	23.2	36.3	59.5

- Revenue cap is the difference by system between Aurizon's Total Actual Revenue (TAR) and System Allowable Revenue (SAR) and also includes MCI/CPI, rebates and energy cost variations. This is collected through a tariff adjustment two years later
- All (except FY2017) revenue cap amounts include cost of capital adjustments aligned to the QCA Final Decision on UT4

Note: AT = Access Tariff Revenue Adjustment Amount

1. Estimated, excludes cost of capital and not submitted to QCA
2. Return to access holders
3. FY2013 AT_{2-4} includes \$11.6m recovery for GAPE, FY2016 AT_{2-4} includes \$2.0m return for GAPE

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Reconciliation of billed MAR to reported access revenue

$m	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual
Billed Access Revenue (AT_1 to AT_5) (ex. GAPE)	794	787	924	892
Approved Adjustments to MAR				
Transitional tariff adjustment	(70)	-	-	-
Flood Claim recovery from 2013 Event	-	12	6	-
WIRP Smoothing[1]	-	-	(15)	5
Revenue Cap (ex. GAPE and inclusive of capitalised interest)	17	34	8	(32)
UT4 MAR True-up	-	-	-	112
Regulated Access Revenue (ex. GAPE)	**741**	**833**	**923**	**977**
Total non-regulated Access Revenue (ex. GAPE)	5	11	12	18
Total GAPE Revenue (Regulatory + non-regulatory)	205	204	201	205
Total Access Revenue per Aurizon Statutory Accounts	**951**	**1,048**	**1,136**	**1,200**

Approximately $80m of the $89m Net True-up collected in FY2017

Note: Access Revenue excludes other revenue which primarily consists of Access Facilitation Charges (AFC) paid by customers to Aurizon and other services revenue

1. FY2016 & FY2017 WIRP Smoothing reflects the ramp up of Regulatory Revenue in line with the Regulatory Volumes and the removal of revenue attributed to Cockatoo Coal

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Movement in Network MAR FY2016 to FY2017

	$m[1]
Regulated Access Revenue FY2016	**923**
Revenue Over Recovery FY2016	(17)
MAR FY2016	**906**
MAR Step-up (FY2016 to FY2017)	24
Flood (FY2015 recovered FY2017)	5
True Up FY2014 / FY2015	89
WIRP Revenue Ramp-up FY2017	20
Uplift in MAR FY2016-FY2017	**138**
Flood (FY2013 recovered FY2016)	(6)
Revenue Cap (FY14)	(8)
One-off MAR Adjustments FY2016	**(14)**
MAR FY2017	**1,030**
Revenue Under Recovery FY2017	(53)
Regulated Access Revenue FY2017	**977**

1. All amounts exclude GAPE
2. Revenue under recovery is AT[1-5] Access Revenue

Above Rail volumes (mt)

	FY2017	FY2017		FY2016	Variance
		2H	1H		
Coal	198.2	94.7	103.5	206.8	(4%)
Iron Ore	22.7	11.3	11.4	23.7	(4%)
Freight	38.5	18.0	20.5	40.4	(5%)
Bulk	35.6	16.7	18.9	37.6	(5%)
Intermodal	2.9	1.3	1.6	2.8	4%
Total	**259.4**	**124.0**	**135.4**	**270.9**	**(4%)**
Intermodal TEUs (‘000s)	405.2	193.0	212.2	372.6	9%

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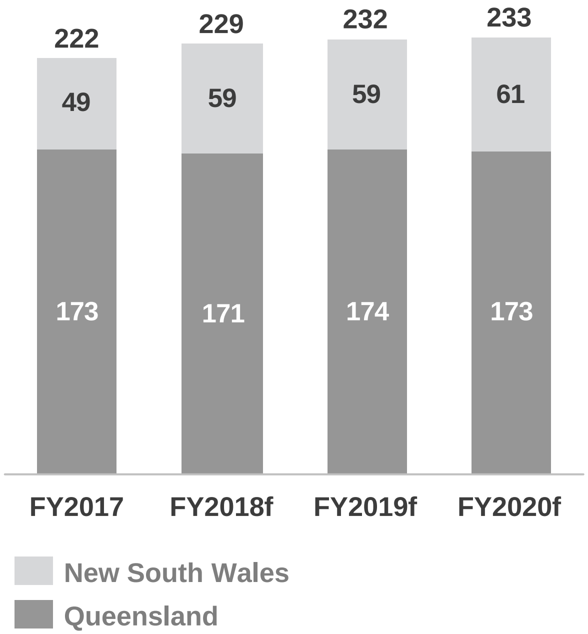
Coal haulage tonnages (mt) by system

	FY2017	FY2017		FY2016	Variance
		2H	1H		
Queensland					
Newlands	17.8	8.4	9.4	20.9	(15%)
Goonyella	54.3	24.3	30.0	60.6	(10%)
Blackwater	59.4	28.3	31.1	62.2	(5%)
Moura	12.0	5.9	6.1	12.4	(3%)
West Moreton	7.0	3.7	3.3	6.9	1%
Total Qld	**150.5**	**70.6**	**79.9**	**163.0**	**(8%)**
New South Wales					
Hunter Valley	47.7	24.1	23.6	43.8	9%
Total Coal	**198.2**	**94.7**	**103.5**	**206.8**	**(4%)**

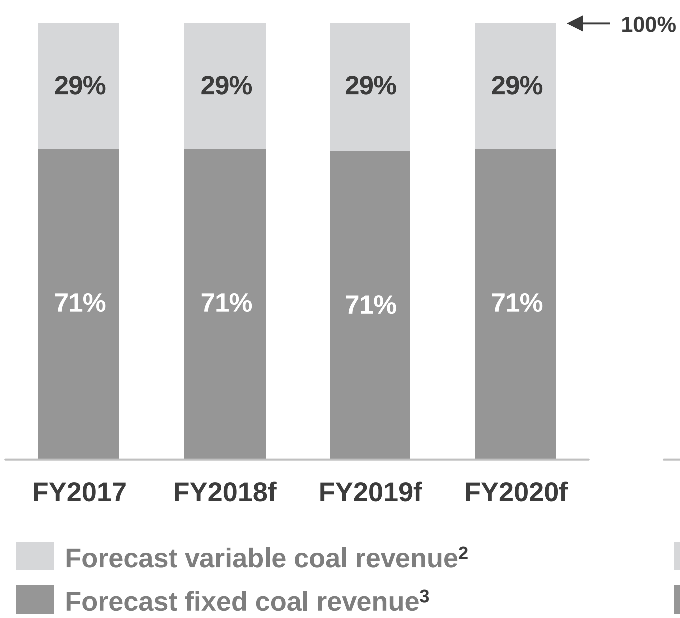
AURIZON

Above Rail Coal contractual outlook

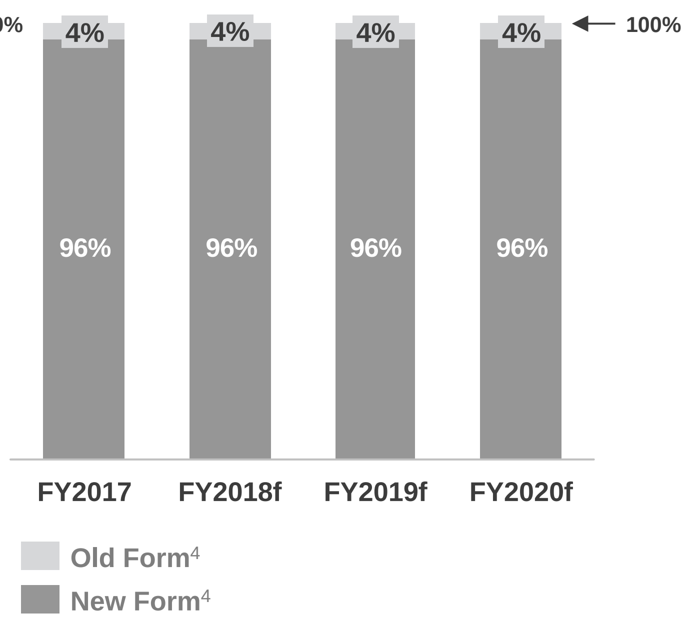
AURIZON'S ANNUALISED ABOVE RAIL COAL CONTRACTED VOLUMES (MTPA)[1]



COAL ABOVE RAIL REVENUE BREAKDOWN



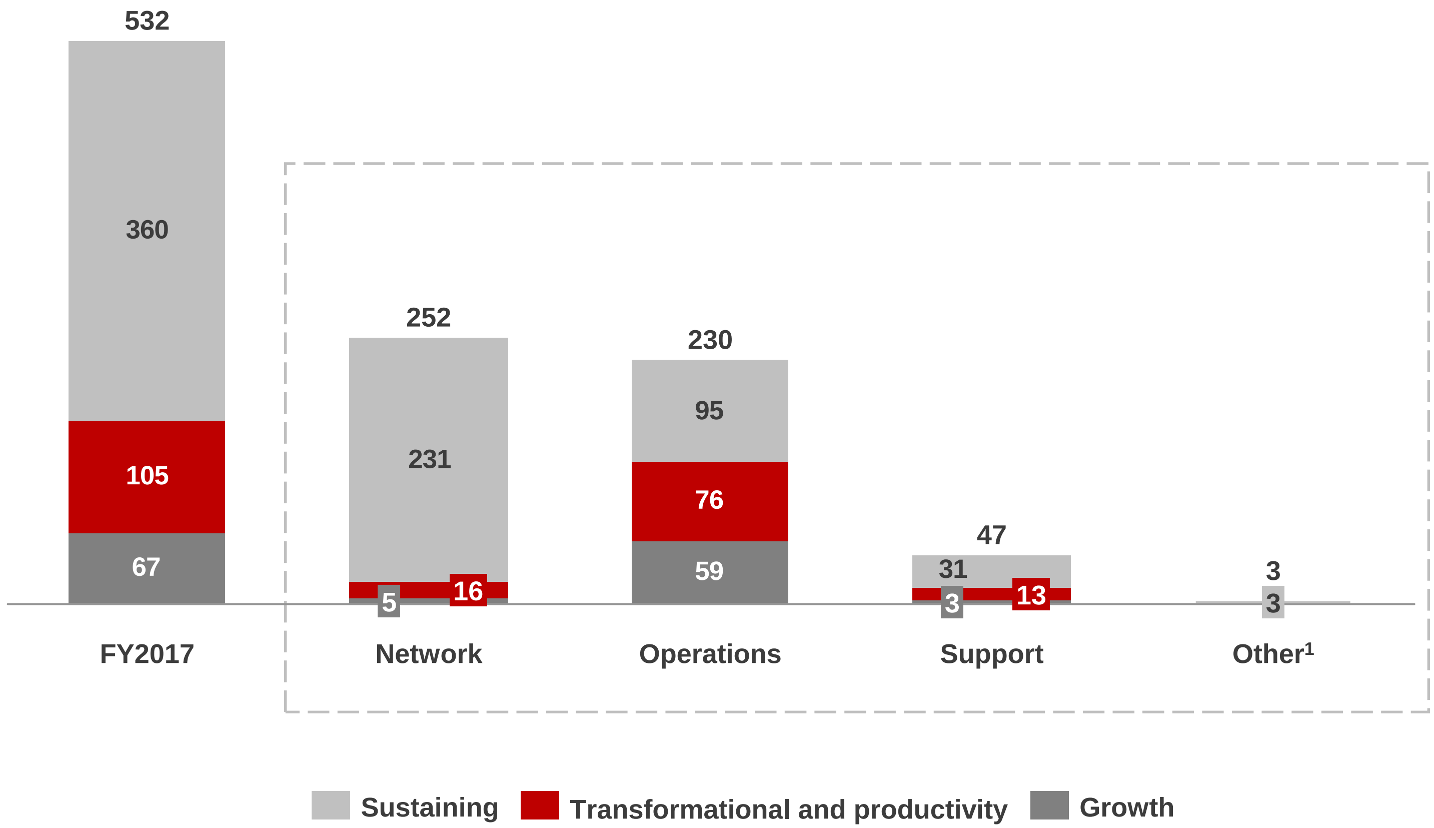
"OLD FORM" VS. "NEW FORM" COAL VOLUMES[4]



1. This represents the contracted tonnes as at 30 June 2017. 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

FY2017 group and functional capital expenditure ($m)



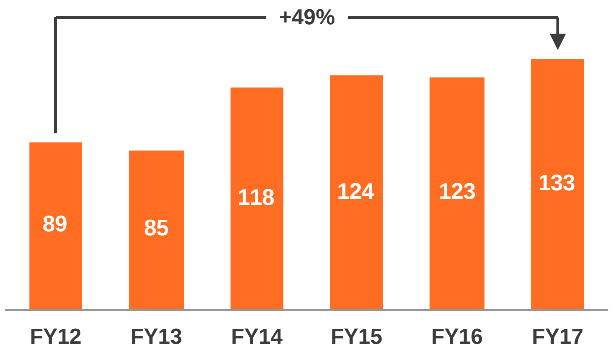
1. Capitalised interest

Ballast undercutting – a critical supply chain efficiency driver

Ballast Undercutting Machine in Operation

New Spoil Management Wagons

Undercutting scope (Linear kms)



BALLAST

- Ballast supports the sleepers; and dampens & spreads the train load to the underlying formation
- Ballast also provides a drainage layer to keep moisture from pooling on the formation, whereby water seeps between the stones or evaporates, keeping the formation dry and extending the life of the formation
- The ballast layer also provides a means to recorrect the track alignment, whereby pot holes can be removed by packing sleepers with ballast using resurfacing machines and adjusting horizontal alignment

UNDERCUTTING

- Excavation of fouled and eroded ballast from beneath the sleepers by a dedicated ballast cleaning consist
- Fresh, rescreened or recycled ballast is added to the track and then resurfaced to restore the track to the correct height and ballast depth
- Scope has been increasing over time to reflect the requirements of the network and the increased tonnage being delivered
- Scope has been optimised by using Ground Penetrating Radar (GPR) to more accurately determine the most essential areas for undercutting

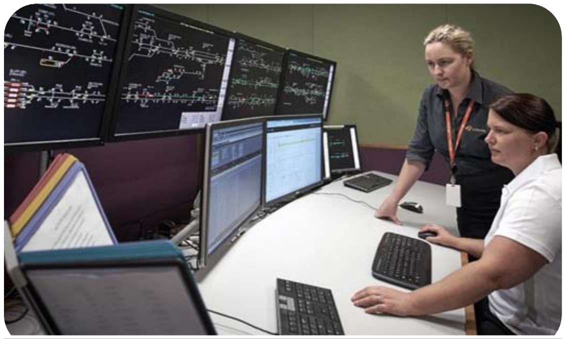
TRANSFORMATION BENEFITS

Efficiencies in the ballast undercutting program have been achieved across the program through a number of initiatives:

- Increased continuous access in HY1
- Increased screening and reclamation of Spoiled Ballast – greater recycling, resulting in improved sustainability
- A more effective resourcing model that combines the skills of Operators and Trade Maintainers
- Reduced material costs from revised ballast procurement contracts
- Increased scope enabled by more efficient Mechanised Undercutting Machinery and 24 new spoil wagons
- Overall unit costs have decreased by over 20% since FY12

Network Control improvement project

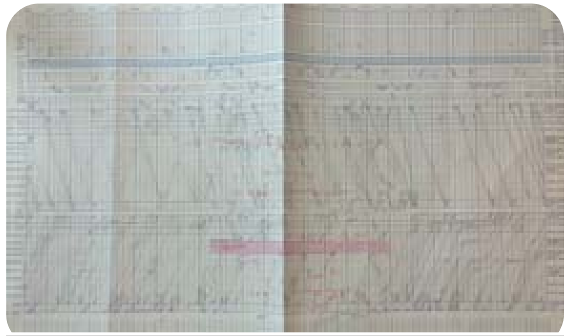
Rockhampton Control Centre



APEX

- APEX - Advanced Planning & Execution
- Software solution to support faster, more responsive planning and scheduling of trains from two years out to ‘Day of Operations’
- APEX represents a step change in technology for network schedulers and controllers by introducing automation, optimisation and standardisation of systems and processes
- Improvements are being rolled out over multiple phases – see Innovation

Train Control Diagram – paper based (pre July 2016)



INNOVATION

MOVEMENT PLANNER (FOUNDATION)

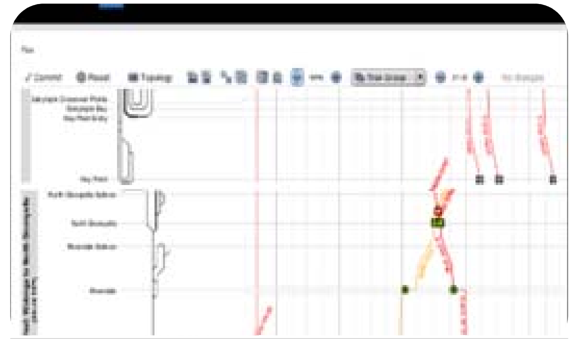
- Paper Train Control Diagram replaced with real time electronic train graphs that provide train controllers with a system-wide view of train movements 12 hours into the future – Completed July 2016
- Partnering with GE to adapt and implement this product for several US Class1 railways

ADVANCED PLANNING & SCHEDULING (FOUNDATION)

- Replace multiple existing tools into a single system, provide scenario planning, and integrate with Movement Planner – Go Live planned in second half of CY2017

Further deployments in CY2018 & 2019

Interactive Train Graph – electronic (post July 2016)



TRANSFORMATION BENEFITS

KEY BENEFITS

- Improved On Time Port Arrivals
- Increased Network Velocity
- More economical means of increasing network capacity compared to investing in track infrastructure
- Other operational efficiencies including:
  - Improved safety
  - Decreased Delays
  - Improved Scheduled Adherence

AURIZON

Glossary

Metric	Description
Access Revenue	Amounts received by Aurizon Network for access to the Network infrastructure under all Access Agreements
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 less interest paid
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
Payload	The average weight of product hauled on behalf of Aurizon customers per service, calculated as total net tonnes hauled / total number of services
QCA	Queensland Competition Authority
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
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
Velocity	The average speed (km/h) of Aurizon train services (excluding yard dwell)
WACC	Weighted average cost of capital
WIRP	Wiggins Island Rail Project


AURIZON®