FY2019 Results

Andrew Harding – Managing Director & CEO
Pam Bains – CFO & Group Executive Strategy

AURIZON

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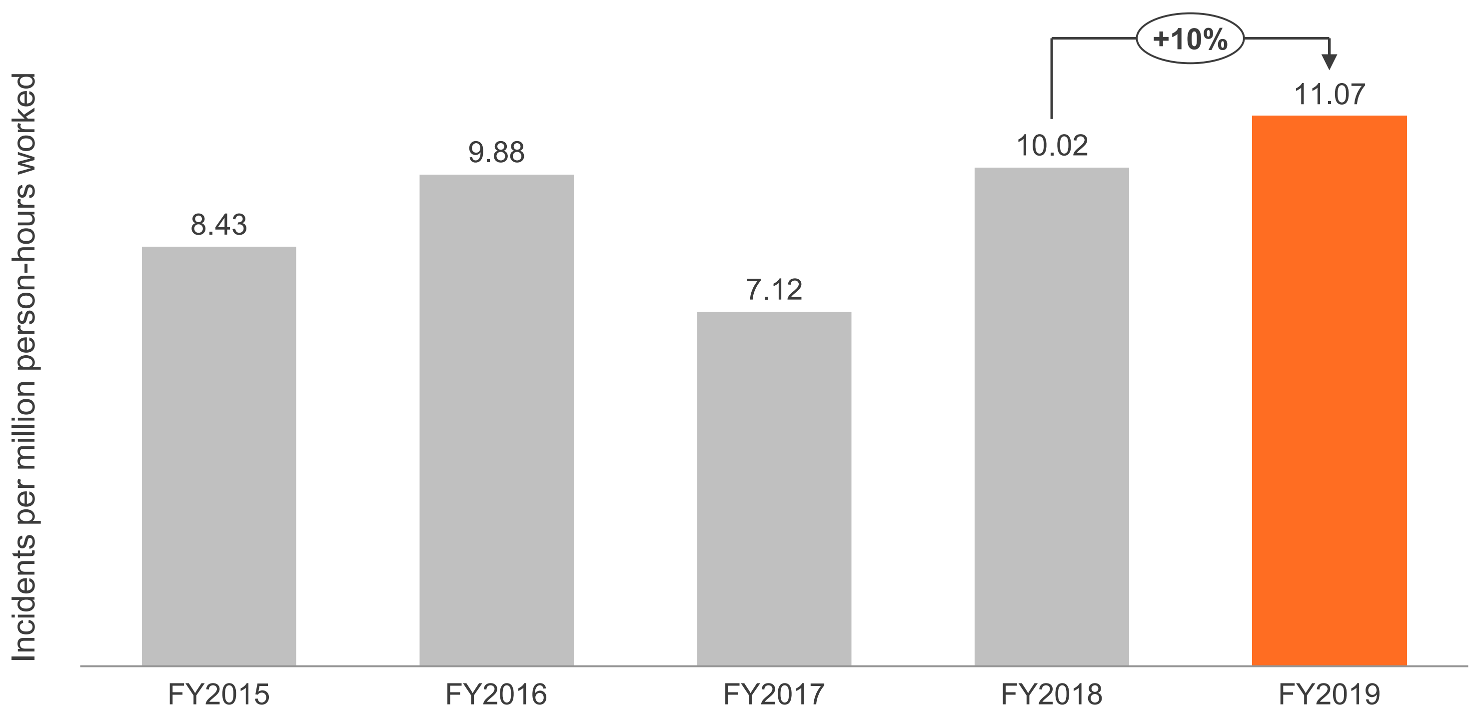
Agenda

Safety performance

The result reinforces the importance of our Seamless Safety initiative to reset the safety culture

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1]



1. TRIFR includes employees and contractors

Integration review

Andrew Harding
Managing Director & CEO

Integration review

In June 2018 Aurizon announced it would review the benefits of remaining vertically integrated. The review of the integrated structure was assessed through five relevant core criteria

STAKEHOLDERS	SYNERGIES / DIS-SYNERGIES	GROWTH OPTIONS	CAPITAL STRUCTURE	VALUATION
Views and impact on customers, shareholders, employees, government, regulators and communities	Operational synergies / dis-synergies under each structure and costs of undertaking separation	Growth opportunities	Optimal capital structure and potential benefits under integration / separation	Potential for maximisation of shareholder value under each structure

Stakeholders

Majority of stakeholders either have no preference or prefer Aurizon to remain vertically integrated

STAKEHOLDERS

INSIGHT FROM CUSTOMERS

- Majority of customers are either ambivalent or prefer Aurizon to remain integrated

OTHER STAKEHOLDER CONSIDERATIONS

SHAREHOLDERS

GOVERNMENT

COMMUNITIES

REGULATORS

EMPLOYEES

No red flags for or against either option

No consensus on best structure

Other issues more important than separation

Regulatory outcomes, capital structure & transformation viewed as higher priorities

Synergies / dis-synergies

A separated structure would result in loss of operational synergies and also incur costs of duplication

SYNERGIES / DIS-SYNERGIES

DIS-SYNERGIES AND RISKS FROM SEPARATION ARE REAL

OPERATIONAL IMPROVEMENTS

Enables easier implementation of operational improvements as objectives are aligned:
- Precision Railroading
- Train Guard
- Wayside condition monitoring
- Other operating improvements e.g. overlength trains

DUPLICATION OF COMMON FUNCTIONS

Small cost impacts from loss of scale through duplication of:
- Finance
- IT & systems
- Engineering

Approx. 10 – 15% of EBIT

INTEGRATION IS INTERNATIONAL BEST PRACTICE

- Benefits of integration are acknowledged internationally
- Global rail market shows vertical integration is most common structure (>90% of global freight tkms)
- Australia is one of the few partially separated markets

Growth options & Valuation

Growth options are present in either structure, but execution remains uncertain

GROWTH OPTIONS

VALUATION

GROWTH OPPORTUNITIES

1. Separation unlocks a small number of below rail opportunities, but execution remains difficult

2. Integration enables broader opportunities (greenfield, new basins, offshore expansions) but execution is also uncertain

VALUATION

- Current share price implies discount to fair value has narrowed
- Market conditions, operating performance and UT5 commercial deal have contributed to recent strong share price
- Ongoing value drivers are mostly in Aurizon's control, and are either known or in advanced planning stages and not assisted by separation:
  1. Capital management
  2. Network efficiencies
  3. Above Rail contracting
  4. Operational efficiency improvements
  5. Bulk turnaround

Capital structure

More efficient capital structure can be implemented regardless of integration

CAPITAL STRUCTURE

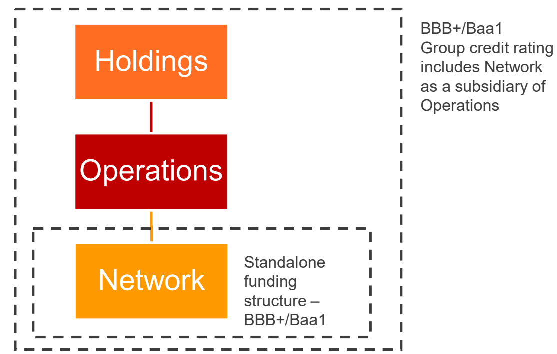
OUTCOMES OF LEGAL AND CAPITAL STRUCTURE REVIEW

1. Current capital structure is not optimised, with debt capacity limited compared with peers

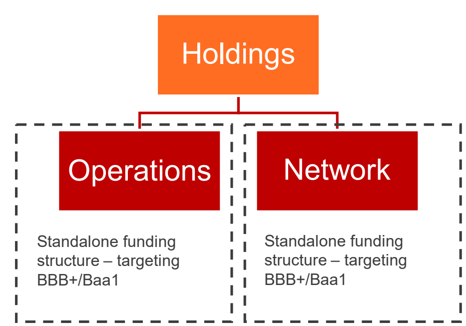
2. Implementation of the review will establish independent legal entities for Above Rail (Operations) and Below Rail (Network)

3. This gives Aurizon access to the majority of capital structure benefits possible through separation, while remaining vertically integrated

CURRENT LEGAL STRUCTURE



PROPOSED LEGAL STRUCTURE



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Conclusion

The review concluded that the benefits of remaining vertically integrated outweigh separation at this time

CRITERIA	INTEGRATION BENEFITS	SEPARATION BENEFITS
STAKEHOLDERS	✓ • Customer preference (by contracted volume) is weighted towards remaining integrated	• Provides choice of pure-play exposure for investors
SYNERGIES / DIS-SYNERGIES	✓ • Better execution of operational improvements • Reduced corporate overhead duplication, albeit minimal	
GROWTH OPTIONS	✓ • Focus on ongoing business improvement • Strategically invest in core business • Presents long term opportunity for growth	• Potential short term opportunity for growth
CAPITAL STRUCTURE	✓ • Aurizon will amend its capital structure independent of vertical integration	✓
VALUATION	✓ • Current share price implies discount to fair value has narrowed	✓

Performance overview

Andrew Harding
Managing Director & CEO

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FY2019 highlights

Non Network EBIT (ex redundancy) $450m above top end of guidance, includes $20m doubtful debt recovery

GROUP EBIT	STATUTORY NPAT	ROIC	FREE CASHFLOW
$829m down 12%	$473m down 15%	9.7% down 1.2ppt	$735m up 10%

NETWORK VOLUMES	COAL VOLUMES	FINAL DIVIDEND	CAPITAL MANAGEMENT
232.7mt up 1%	214.3mt up 1%	12.4cps down 5%	Up to $300m on market buy back in FY2020

Achievements to date

Execution of the strategy over the last two years has generated long term value for Aurizon shareholders

OPTIMISE — Restructured to Business Unit model

Increased accountability and customer focus

OPTIMISE — Execute Freight Review findings

- Closure & divestment of Intermodal
- Bulk turnaround in line with plan

EXCEL — Achieved fundamental regulatory reform through UT5

Commercial deal provides long term certainty, incentives and improved return

EXCEL — Ongoing operational efficiency improvement

Improved efficiency and reduced cost base

OPTIMISE — De-risked near term Above Rail contract book

Extending coal contract book

EXTEND — Optimising the legal and capital structure

More efficient balance sheet and funding structure

Delivered through an integrated structure

Improved shareholder returns

› Maintained 100% payout ratio for four years
› Future capital management opportunities

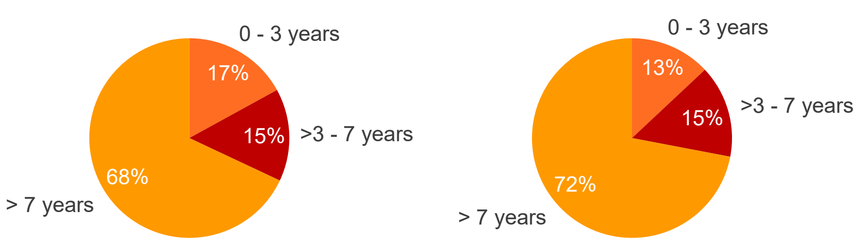
Coal update

Through a focus on reliability, performance and providing customers with tailored, flexible operating solutions, Coal has secured key contract extensions

CONTRACT UPDATE

- **Jellinbah** – contract extension for Jellinbah East & Lake Vermont mines
- **Glencore** – a range of contract extensions and additional volumes, most notably in the Newlands corridor
- Commenced railings during the year for MACH Energy (Jan 19) and Baralaba Coal (Aug 18)

COAL CONTRACT PORTFOLIO EXPIRY PROFILE[1]



30 June 2018 → 30 June 2019

CUSTOMER VALUE PROPOSITION

- Delivery performance leader
  - Strategic investments in asset performance and utilisation underpinning reliability and efficiency
  - Precision railroading operations
- Engaged and responsive workforce
  - Improved workforce productivity through rostering, scheduling and communication systems
  - Improved utilisation through reconfigured crew deployment models
- Right commercial value
  - Market competitive, putting pressure on rates
  - Flexible and tailored offerings to meet customer needs
  - Leveraging delivery performance and fleet to share risk

OPERATIONAL EFFICIENCIES

- Operational efficiencies to mitigate pricing pressure
- Precision Railroading – scheduling trials completed in Moura have delivered operational benefits. Trial to be extended to all systems in FY2020
- EA approved in employee ballot. Wage uplifts of between 2% to 2.5%

1. Calculated using current contracted tonnes, adjusted for the Glencore contract extensions and additional volume signed after 30 June 2019

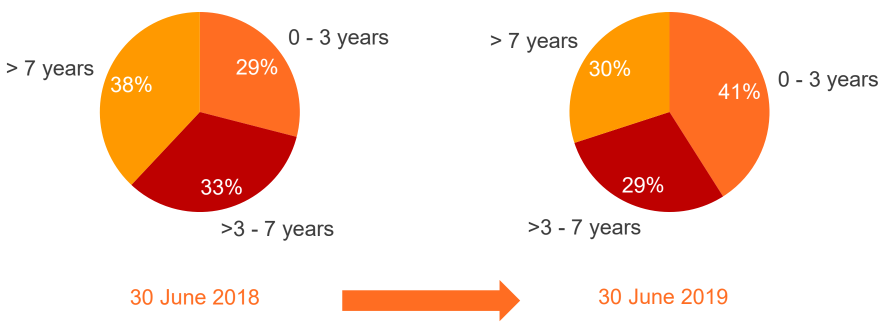
Bulk update

Bulk continues to improve its market positioning. Target Bulk markets remain positive driven by demand for key commodities

CONTRACT UPDATE

- **Glencore Freighter**
  New service on commercial terms
  Mixed freighter and concentrates
  3 year contract expiring August 2021
- **Mt Gibson**
  Short term spot agreement commenced May 2019
- **Linfox**
  Linehaul (hook and pull) commercial agreement in QLD
  10 year contract (5+5 year option) commenced February 2019
- **Kalgoorlie Freighter**
  Improved utilisation with increased volumes largely from existing customers
- **Graincorp**
  Queensland contract ceases November 2019

BULK CONTRACT PORTFOLIO EXPIRY PROFILE[1]



OPERATIONAL EFFICIENCY IMPROVEMENTS

- Flexible deployment of existing fleet to take advantage of near term opportunities
- Improvements in on time performance through disciplined train operations
- Work continues on QLD EA

1. Based on estimated GTKs as a number of hauls in the Bulk portfolio are hook & pull and accordingly have no corresponding tonnes and NTKs. Includes iron ore contracts. For the purposes of the chart, Linfox is classified as a five year contract

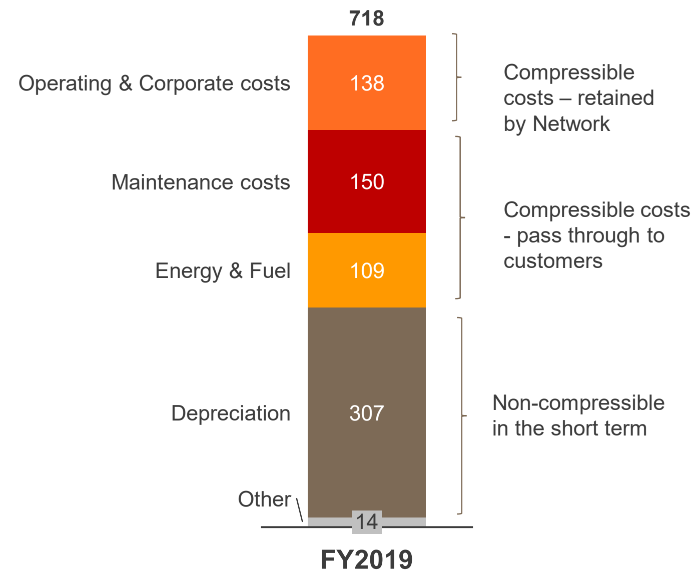
Network update

Through constructive engagement with our customers, Network has submitted a customer DAAU that delivers significant regulatory reform and a range of benefits for both Network and customers

BENEFITS FROM THE DAAU

LONG TERM CERTAINTY	• 10 year undertaking term (FY2018 to FY2027)
IMPROVED RETURN	• Return of 6.3%[1] - better reflects the risks of owning and operating the CQCN
EFFICIENCY BENEFITS	• Operating cost efficiencies to be retained by Network
NETWORK CAPACITY	• Independent review to be undertaken to confirm capacity. Mechanisms in place to remedy any deficits
TRANSPARENCY	• Customers have influence on maintenance and capital strategies and the ability to agree budgets
PERFORMANCE	• Incorporates performance and rebate mechanisms to incentivise Network performance

NETWORK OPERATING COSTS ($M)[2]



› Under the customer DAAU Network is focused on operational efficiencies for:
  › Maintenance costs - pass through to customers
  › Operating and corporate costs - retained by Network for the term of the DAAU

1. 6.3% WACC from Report Date. Reset of Risk Free Rate and Debt Risk Premium at July 2023
2. Maintenance costs exclude ballast undercutting costs which are capitalised for accounting purposes. Maintenance costs also include some depreciation relating to plant used in maintenance and capital activities

Other matters

Below is a summary update on other matters

SALE OF ACACIA RIDGE TERMINAL (ART)

- On 15 May 2019 the Federal Court of Australia rejected ACCC's allegations that the sale agreement between Aurizon and Pacific National (PN) for ART contravened competition law
- On 27 June 2019 ACCC lodged an appeal. On 18 July 2019 Aurizon and PN filed notices of cross appeal. Court date to be set

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WIGGINS ISLAND RAIL PROJECT (WIRP)

- On 27 June 2019 the Supreme Court of Queensland confirmed Network's ability to charge above regulatory fees disputed by customers under their WIRP Deeds. On 25 July 2019 customers lodged an appeal
- Customers initiated other disputes in relation to the WIRP fee, which were subject to expert determination - determination issued in June 2019 and found WIRP fee should be partially reduced. Network is determining options for appeal of this outcome
- No revenue relating to the WIRP fee has been recognised to date

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SALE OF RAIL GRINDING BUSINESS (RGB)

- Aurizon executed a sale agreement for RGB with Loram for a value of $186m ($166m cash and $20m assumption of debt)
- Contract includes a number of conditions precedent, expected to close 1HFY2020
- RGB contributed ~$15m EBIT[1] in FY2019

1. Excludes corporate support costs and earnings from the discontinued Arc contract

FY2019 Financial Performance

Pam Bains
CFO & Group Executive Strategy

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Key financial highlights[1]

Results reflect reduced earnings in Network from the UT5 Final Decision, including the acceleration of the total FY2018 true up into FY2019

$m	FY2019	FY2018	Variance
Revenue	2,908	3,113	(7%)
Operating Costs	(1,536)	(1,646)	7%
Depreciation & Amortisation	(543)	(526)	(3%)
EBIT – underlying	829	941	(12%)
EBIT – statutory[2]	829	966	(14%)
Operating Ratio (%)	71.5%	69.8%	(1.7ppt)
NPAT – underlying	473	542	(13%)
NPAT – statutory[2]	473	560	(15%)
EPS (cps) – underlying	23.8	26.9	(12%)
EPS (cps) – statutory[2]	23.8	27.8	(14%)
ROIC (%)	9.7%	10.9%	(1.2ppt)
Final dividend per share	12.4	13.1	(5%)
Free Cash Flow	735	669	10%

- Revenue reflects the UT5FD, including the acceleration of the total FY2018 true up, in FY2019. Revenue is also impacted by lower volumes in Bulk with the Cliffs cessation
- Operating costs benefited from reduced access costs
- Free cash flow benefited from the termination payment from Cliffs
- Dividend based on 100% payout ratio of underlying continuing NPAT

1. Continuing operations
2. Significant items in FY2018 of $26m and includes Cliffs contract termination $35m, Bulk East impairment ($32m) and redundancy benefit $23m.

Coal

EBIT result in line with expectations with increased spend for maintenance and reliability initiatives

$m	FY2019	FY2018	Variance
Above rail	1,236	1,208	2%
Track access	488	598	(18%)
Other	1	7	(86%)
Revenue	**1,725**	**1,813**	**(5%)**
Access costs	(472)	(609)	22%
Operating costs	(643)	(592)	(9%)
Depreciation	(195)	(183)	(7%)
EBIT	**415**	**429**	**(3%)**
Tonnes (m)	214.3	212.4	1%
NTKs (bn)	50.5	50.4	-

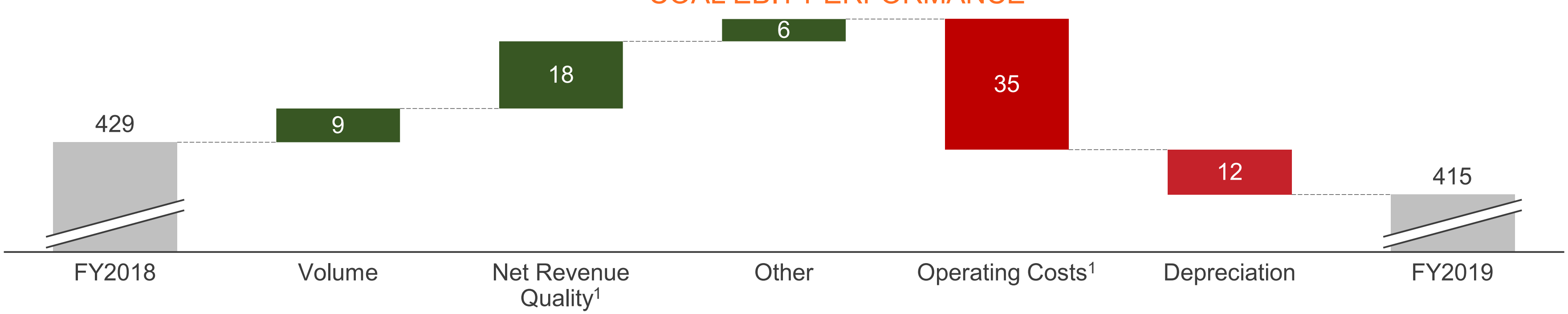
Revenue

- Volumes – up 1%, CQCN flat impacted by PIA and weather, NSW & SEQ up 4% with new contracts and strong demand
- Revenue quality improvement includes lower contract utilisation and CPI escalation

Costs

- Higher costs impacted by maintenance $23m, costs supporting growth $6m, CPI impacts $7m
- Depreciation increase due to additional consists and overhaul activity

COAL EBIT PERFORMANCE



1. Revenue quality is net of fuel price and access which have been excluded from operating costs

Bulk

Result includes the impact of the Cliffs cessation in FY2018

$m	FY2019	FY2018	Variance
Revenue	**502**	**618**	**(19%)**
Access costs	(104)	(162)	36%
Operating costs	(333)	(371)	10%
Impairment costs	(11)	(10)	(10%)
Depreciation	(17)	(25)	32%
EBIT	**37**	**50**	**(26%)**
Tonnes (m)	44.6	54.7	(18%)
NTKs (bn)	8.5	13.4	(37%)

Net impact Cliffs cessation – reflects the impact of the cessation of Cliffs in June 2018

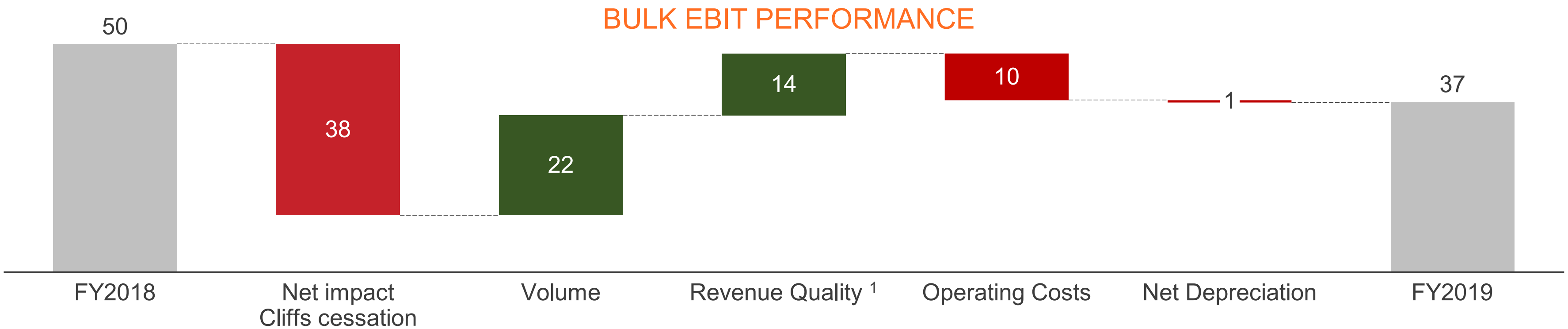
Revenue

- Excluding impact of Cliffs, revenue higher with new growth volumes offset in part by lower grain and the impact from North Queensland flooding in 2HFY2019

Costs

- Higher operating costs from growth volumes and cost escalation offset in part by ongoing benefits from the turnaround program
- Net depreciation includes impairment costs

BULK EBIT PERFORMANCE



1. Revenue quality is net of fuel price and access

Network

EBIT performance reflects the UT5FD, including $60m impact of the true up from FY2018. RAB rollover estimated value $5.7bn[1]

$m	FY2019	FY2018	Variance
Track Access	1,070	1,167	(8%)
Services & Other	48	52	(8%)
Revenue	**1,118**	**1,219**	**(8%)**
Energy & Fuel	(109)	(143)	24%
Other Operating Costs	(288)	(287)	-
Depreciation	(321)	(308)	(4%)
EBIT	**400**	**481**	**(17%)**
Tonnes (m)	232.7	229.6	1%
NTKs (bn)	57.9	56.9	2%

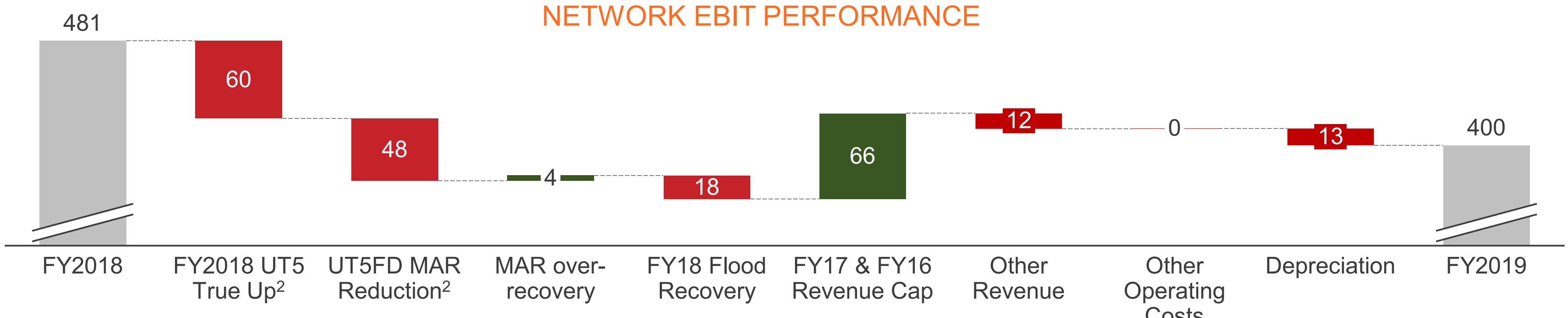
Revenue

- $60m recognised in relation to FY2018 UT5FD true up
- FY2016 and FY2017 revenue cap adjustment $66m
- Other revenue mainly includes GAPE revenue adjustments and impact of prior year bank guarantee

Costs

- Decrease in Energy & Fuel costs from lower prices and discounts, offset in revenue
- Depreciation increase from asset renewals and ballast undercutting

NETWORK EBIT PERFORMANCE

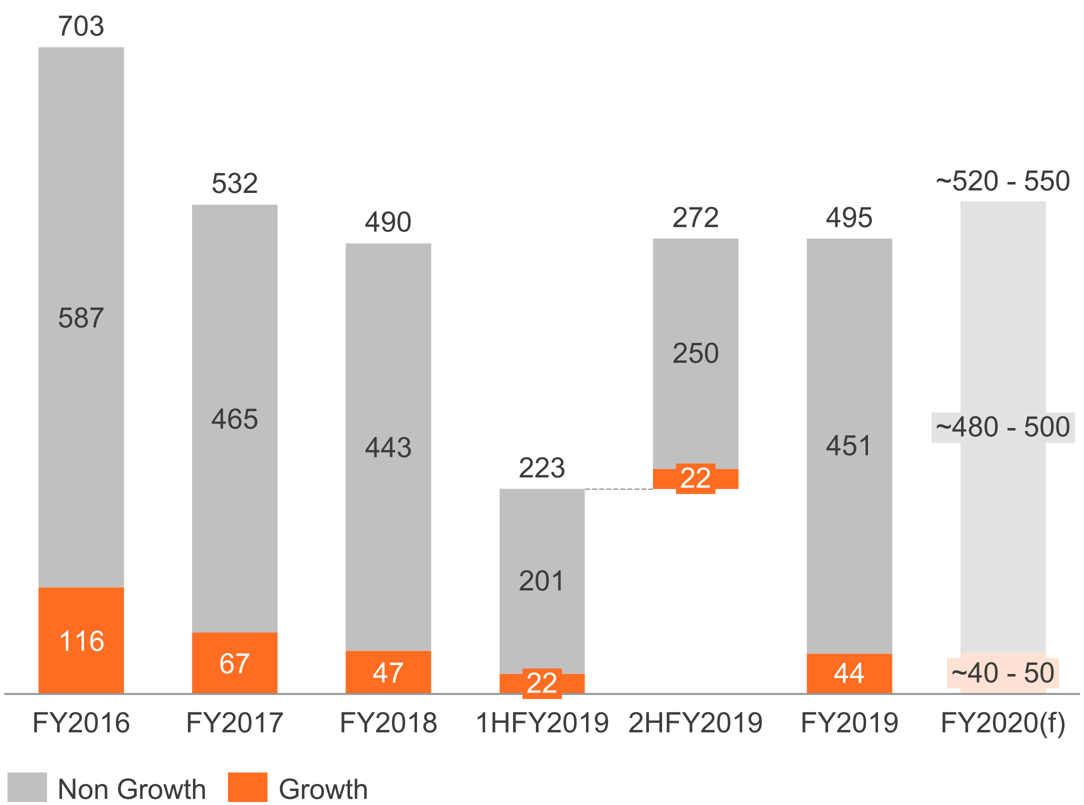


1. Based on the UT5FD, including all deferred capital but excluding AFDs of $0.4bn
2. Excludes GAPE and net of Energy & Fuel costs

Capital expenditure

Capital result in line with guidance for FY2019. Non-growth capex forecast in line with long-term expectations

CAPITAL EXPENDITURE[1] FY2016 – FY2020 ($M)



- FY2019 capex in line with guidance at $495m (guidance $480m - $520m)
- Capital expenditure guidance for FY2020 $520m - $550m
- FY2020 Growth capex mainly relates to wagons for CQCN
- Non growth capital in FY2020 forecast to increase against FY2019 as a result of:
  - Rollingstock overhauls
  - Facility projects
  - Network renewals

1. Total Group capital expenditure net of lease incentive payments and externally funded projects and includes capitalised interest

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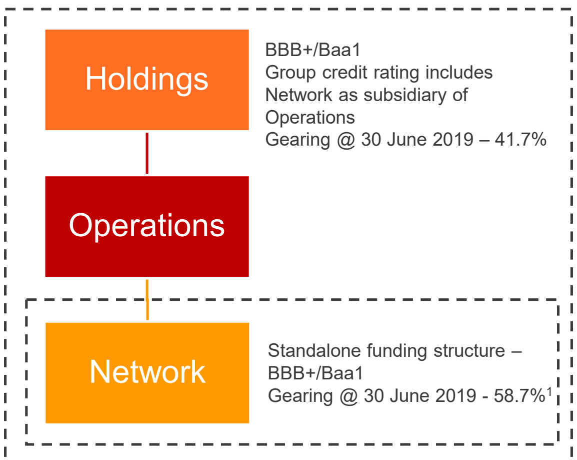
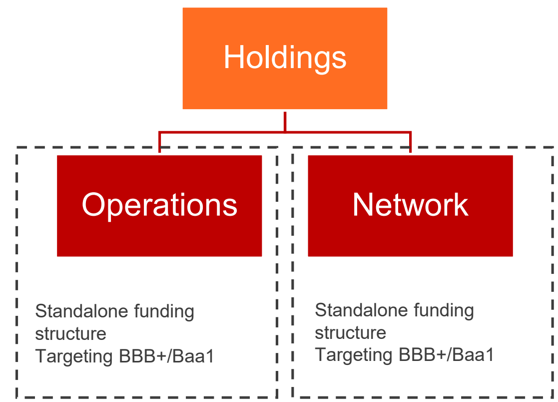
Legal and capital structure review

The objective of the review was to optimise the capital structure of the Group through a reorganisation of the legal entities under Holdings

CURRENT LEGAL STRUCTURE



PROPOSED LEGAL STRUCTURE



IMPLICATIONS OF PROPOSED LEGAL STRUCTURE

- Legal structure is simplified and consistent with business units and external reporting
- Enables standalone funding structures for Above Rail (Operations) and Below Rail (Network) and establishes independent gearing levels consistent with their different business risk profiles
- Establishment of new credit rating for Operations and removal of Holdings' rating. Both Operations and Network targeting BBB+/Baa1 credit ratings

Provides additional funding capacity of ~$1.2bn – debt to be added progressively over time

1. Using RAB and excludes AFDs

Implementation steps

Required to effect the share transfer of Network and establish independence from Operations

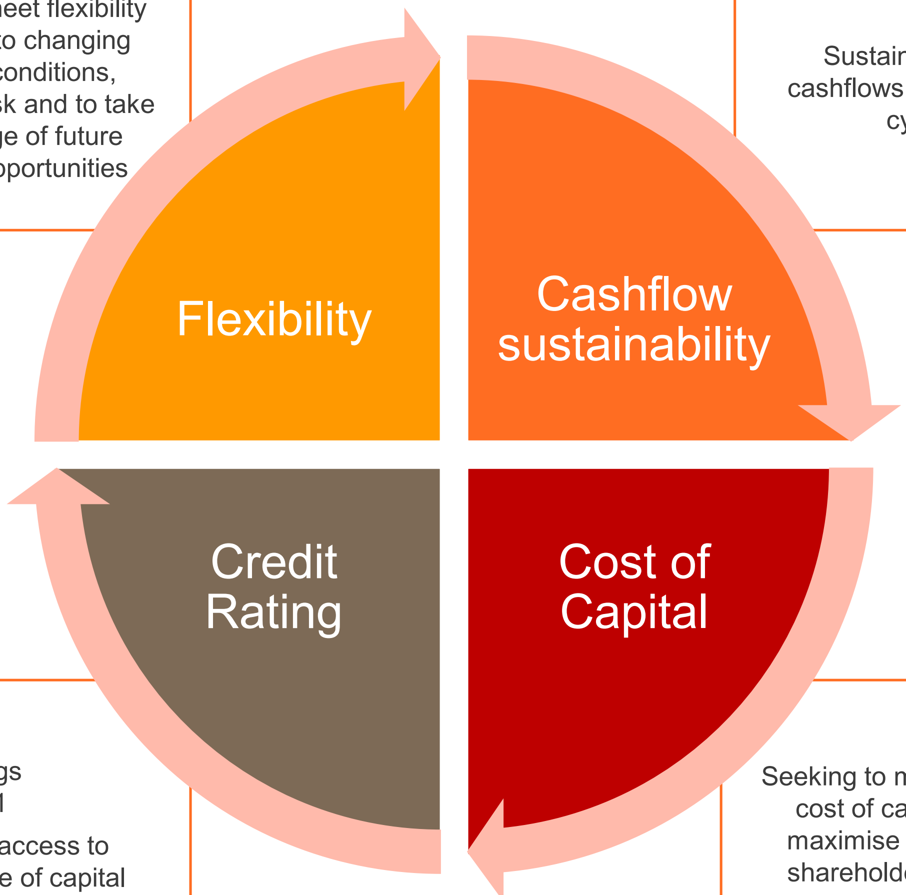
- Duty relief - Office of State Revenue (OSR) in Queensland
  - An application for duty relief on the proposed restructure has been approved by the OSR relating to the transfer of shares and assets (estimated value $300m)
  - Under the Queensland duty regime, for the relief to apply Aurizon Holdings, Aurizon Operations and Aurizon Network will need to remain members of the same corporate group for 3 years from the date the transfer occurs
- Credit ratings
  - Credit rating agencies have been engaged on the proposed restructure and the requirement to establish a credit rating for Operations
- Financing & other third party consents
  - Including the necessary consents from financiers to amend the Group's current financing arrangements
- Convertible Note (CN) issued by Network to Operations
  - Early conversation of the CN into shares in Network held by Operations
- Deed of Cross Guarantee
  - Revoke the existing Deed of Cross Guarantee
  - Establish a new Deed of Cross Guarantee for the consolidated Operations Group

Capital structure objectives

The objectives determine the appropriate credit ratings and gearing to ensure the optimal outcome for the Group and shareholders

Balance sheet flexibility to adjust to changing market conditions, business risk and to take advantage of future growth opportunities

Sustainability of cashflows through the cycle



- Targeting credit ratings BBB+/Baa1
- Facilitates access to broad range of capital markets

Seeking to minimise the cost of capital and maximise long term shareholder returns

Prioritisation of capital

Surplus capital will be applied in line with Aurizon's capital allocation hierarchy

CAPITAL ALLOCATION HIERARCHY

1 DETERMINE AVAILABLE CAPITAL

- Ongoing operating cashflows
- Impacts of the new legal structure:
  - Target credit ratings for Network & Operations - BBB+/Baa1
  - ~$1.2bn additional funding capacity

2 NON GROWTH CAPITAL

- Sustaining and transformation projects

3 DIVIDENDS

- Within 70-100% payout ratio

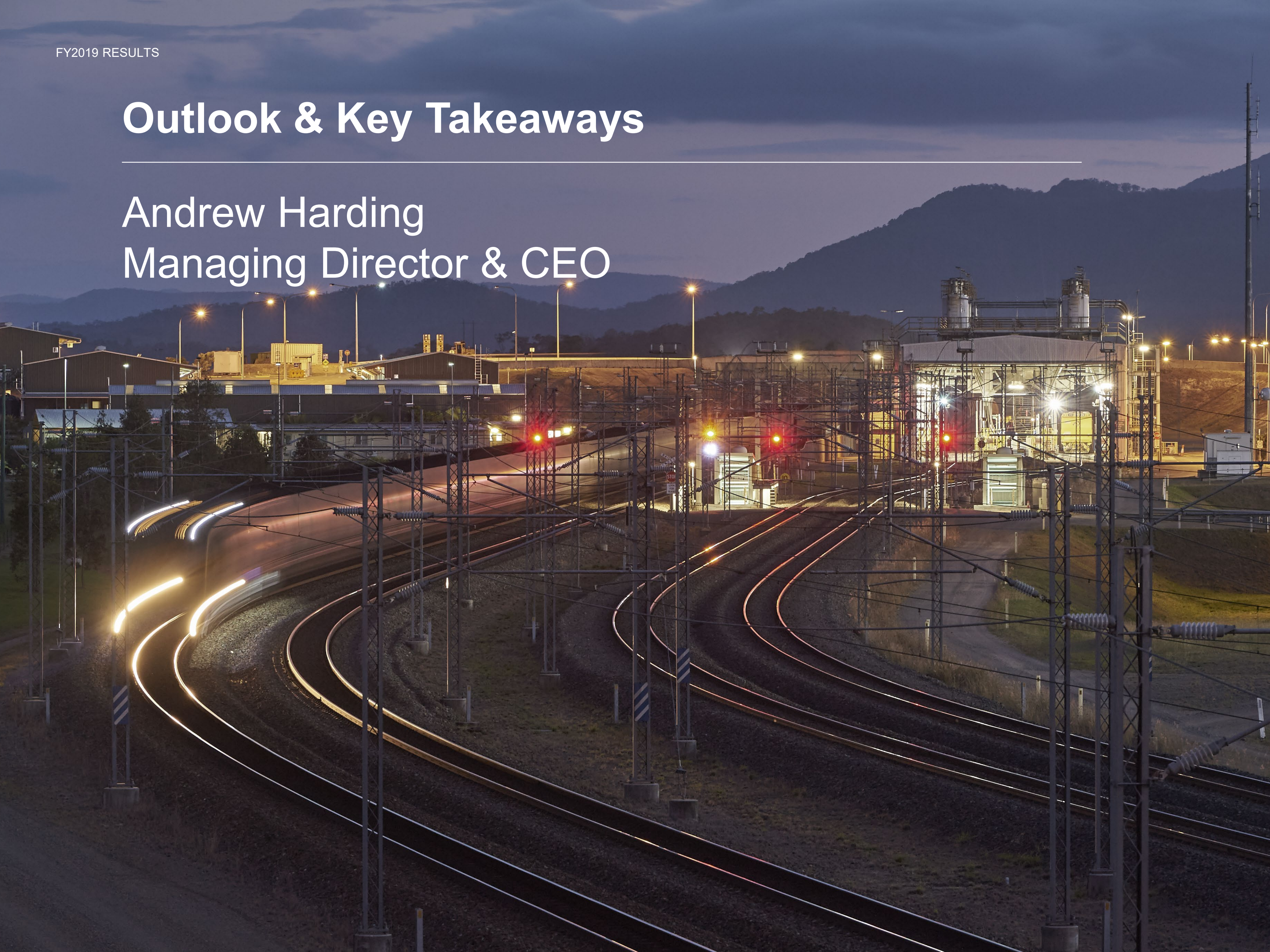
4 SURPLUS CAPITAL

- Capital management opportunities
- Growth projects – only where it maximises shareholder value

Capital management options influenced by low franking account balance

Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO



FY2020 outlook

Group EBIT guidance $880m – $930m

KEY ASSUMPTIONS

- QCA approves UT5 customer deal during 1HFY2020 and an uplift in WACC from 5.9% to 6.3% assumed 2HFY2020
- Above Rail Coal volumes of 220 - 230mt
- Operational efficiency improvements remain a key driver in the business. Redundancy costs included in guidance
- Excludes the Rail Grinding business
- No major weather or industrial relations impacts

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Key messages

Aurizon has a simple strategy which enables the delivery of shareholder value

- Commercial agreement for UT5 improves regulatory returns and provides long-term certainty
- ~50% of the portfolio has stable, regulated earnings
- De-risking & growing Above Rail contract book through improved service delivery and performance
- Ongoing operational efficiency gains will continue to deliver value
- Implementing the optimal legal and capital structure for the Group
- Maximise distributions and returns to shareholders

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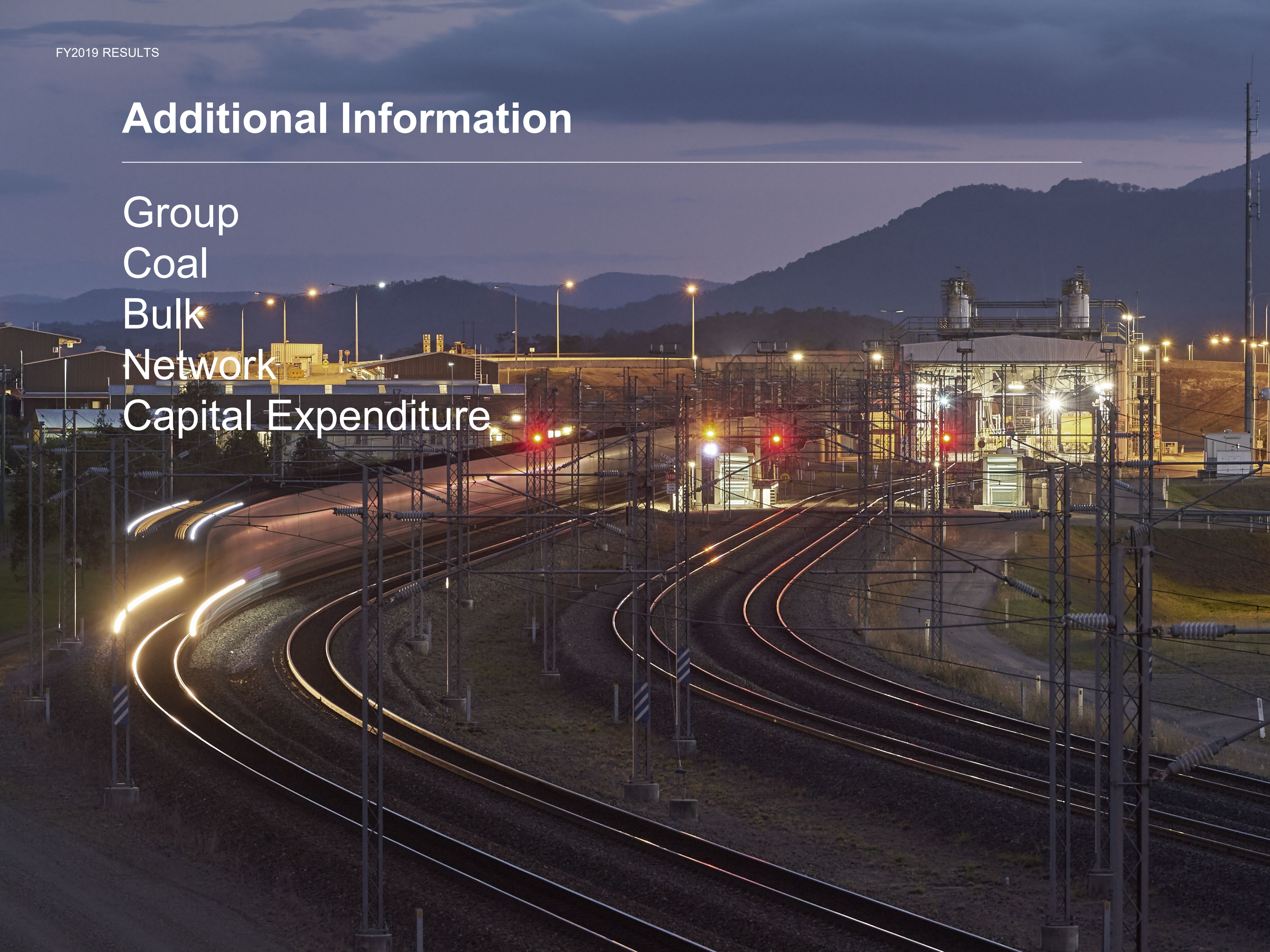
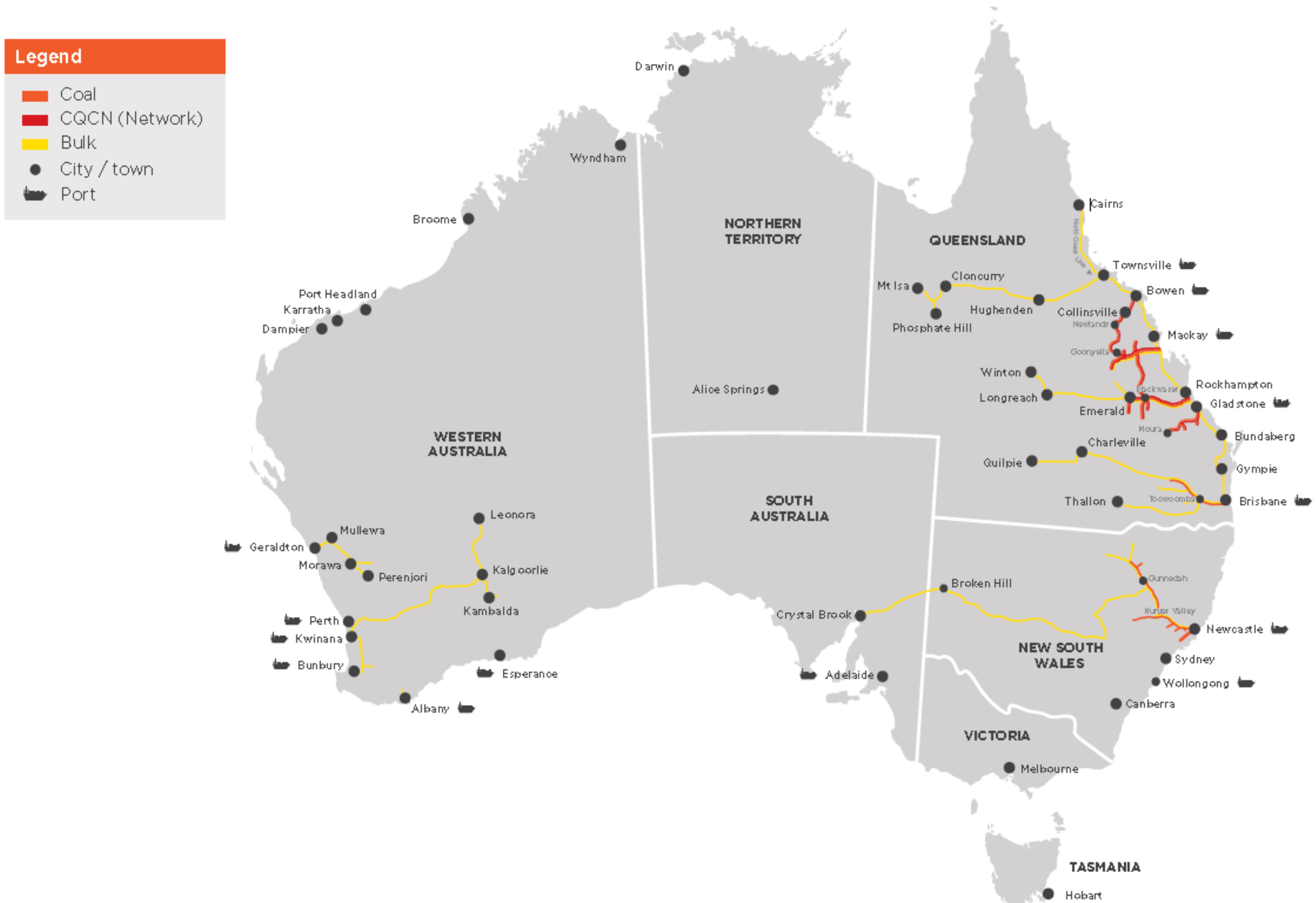
Additional Information

Group
Coal
Bulk
Network
Capital Expenditure



Aurizon's rail haulage operations



KEY OPERATIONAL STATISTICS

COMMODITIES
Coal, iron ore and bulk freight

ROLLINGSTOCK
~500 active locomotives

OPERATIONAL FOOTPRINT
~40 operational sites

PEOPLE
More than 4,500 full-time employees

WAGONS
11,000+ active wagons

Aurizon's vision, purpose, values and strategic levers

Execution against the three strategic levers is aimed at driving differentiation, competitive advantage and sustainable performance

VISION

The first choice for bulk commodity transport solutions

PURPOSE

Growing regional Australia by delivering bulk commodities to the world

STRATEGIC LEVERS

- **OPTIMISE** – Accelerate cost competitiveness of Aurizon
- **EXCEL** – Achieve regulatory reform and competitive advantage through asset efficiency
- **EXTEND** – Position Aurizon for growth

VALUES

SAFETY | PEOPLE | INTEGRITY | CUSTOMER | EXCELLENCE

AURIZON

Sustainability

2019 will be the third year of TCFD disclosure for Aurizon

- Aurizon takes a direct approach to reporting environmental, social and governance (ESG) disclosures with the publication of the annual Sustainability Report
- In August 2019, Australian Council of Superannuation Investors (ACSI) rated Aurizon's ESG disclosures as *Leading* for the fifth consecutive year
- As at June 2019, Aurizon participates in FTSE4Good Index Series, MSCI ESG Ratings and Sustainalytics
- Aurizon's FY2018 response to climate-related risks was highlighted as an example of disclosure practice in the TCFD's *2019 Status Report*
- **Aurizon's FY2019 Sustainability Report is scheduled for release in October 2019**

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We report against the Task Force on Climate-related Financial Disclosures (TCFD) as recommended by the Financial Stability Board (FSB)

FTSE4Good

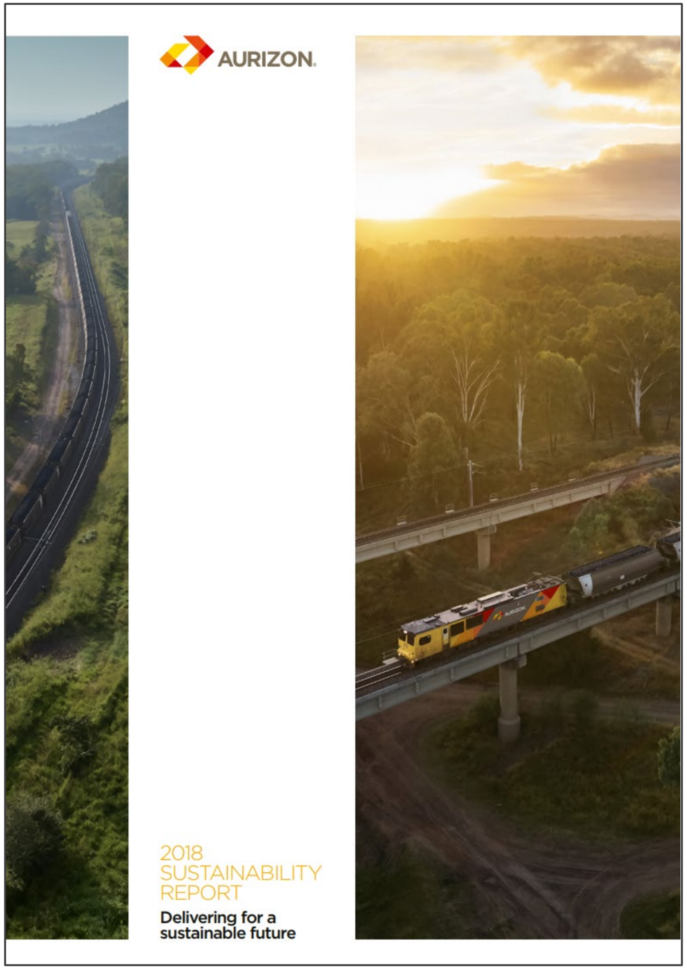
Aurizon Holdings remains a member of the FTSE4Good Index following the June 2019 index review

MSCI

ESG rating of AA as at February 2019.

SUSTAINALYTICS

ESG rating of "Average Performer" as at March 2019



OUR FY2018 SUSTAINABILITY HIGHLIGHTS

$762 million
was returned to our shareholders through dividends and share buybacks

$1.3 billion
estimated spend in the economy

21%
of our workforce is female, up from 11.6% in 2011

6%
reduction in operational GHG emissions (Scope 1 and 2) since FY2017

267 million tonnes
of commodities hauled*

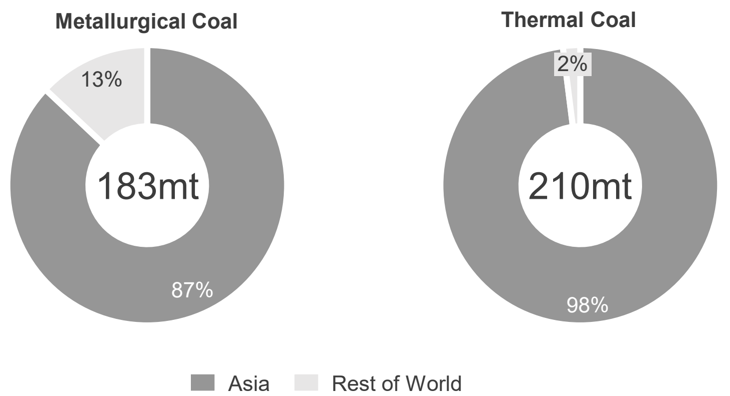
~75%
of our people now work in regional locations across Australia

*Excludes intermodal.

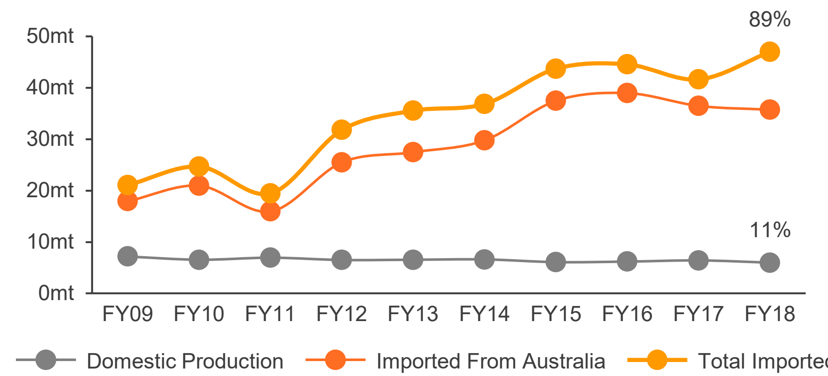
Future of Coal

Australian export coal is dependent on the global traded market, driven by regional demand in Asia and preference for higher quality coal

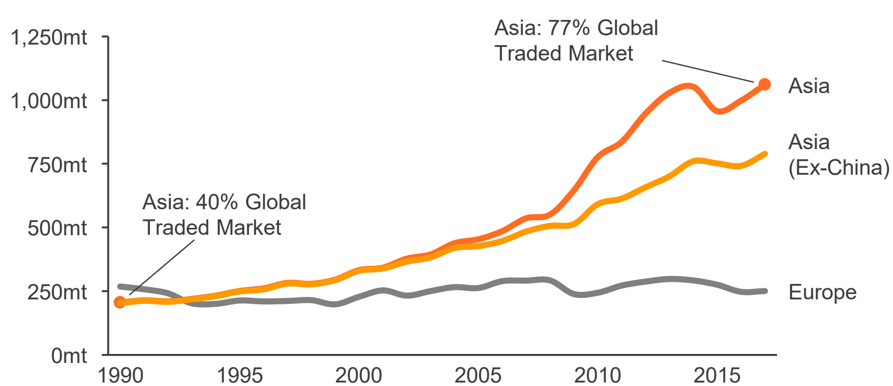
AUSTRALIA COAL EXPORT VOLUME SPLIT: FY2019[1]



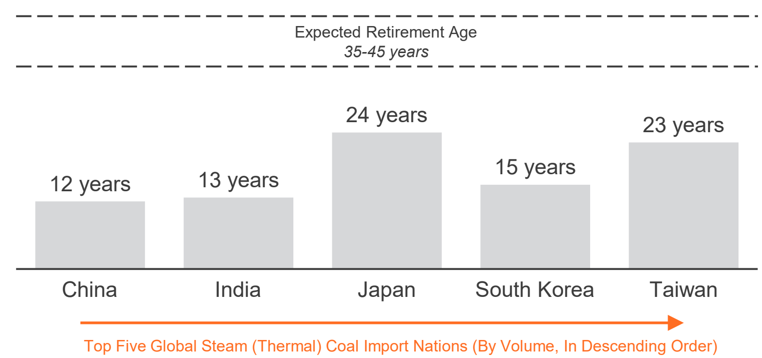
INDIA: COKING (METALLURGICAL) COAL REQUIREMENTS[3]



COAL IMPORT VOLUME: SELECT REGIONS[2]



AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY[4]



Sources: 1. Australian Bureau of Statistics, 2. International Energy Agency, World Coal Information 2018, 3. India Ministry of Coal, Coal Directory of India (multiple years), Provisional Coal Statistics (2017-18). Note: India financial year (April to March). Domestic coking coal production includes washed coal (only), 4. Platts UDI Electric Power Plants Database (March 2019).
Notes: mt = million tonnes

Enterprise Agreements

				Headline Increases				
EA	# Staff Covered	Term (years)	Expiry Date	Year 1	Year 2	Year 3	Year 4	Comments
WA Rollingstock Maintenance	100	4	10 May 2021	1.0%	1.5%	1.75%	1.75%	Complete
WA Rail Operations	420	4	30 June 2022	1.5%	2.0%	2.0%	2.0%	Complete
NSW Coal	310	3	10 November 2021	2.5%	2.5%	2.5%		Complete
QLD Staff	920	4	30 January 2023	2.1%	2.1%	2.25%	2.25%	Complete
QLD Infrastructure	550	4	27 May 2023	2.1%	2.1%	2.25%	2.25%	Complete
QLD Coal* • Traincrew & transport operators	1280	3	TBA	2.5%	2.3%	2.25%		Awaiting approval
• Maintenance			TBA	2.0%	2.0%	2.0%		Awaiting approval
QLD Bulk	370	In bargaining						

* Coal agreement has received approval in an employee ballot. Awaiting FWC approval

Additional information

Group

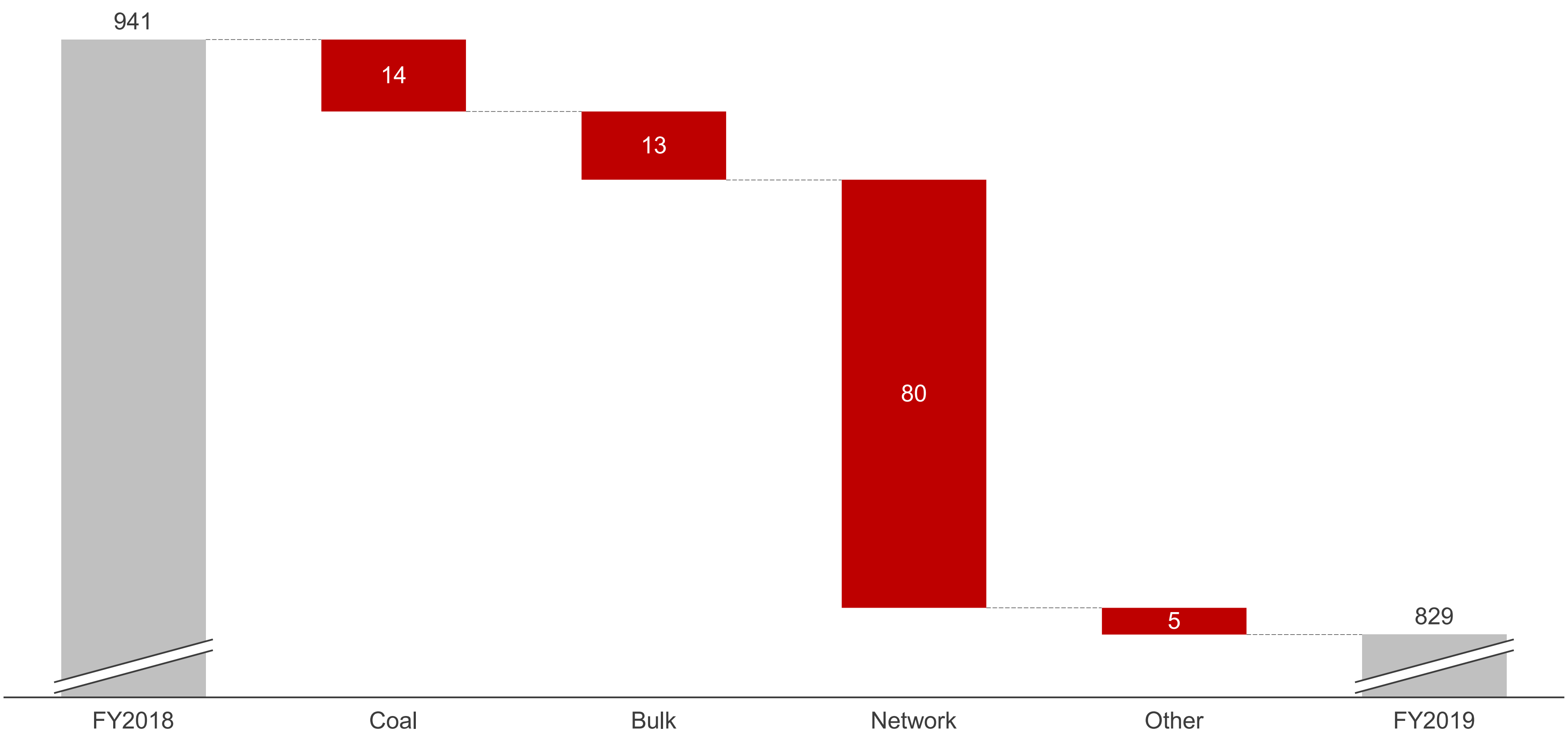
AURIZON

Financial highlights[1] (underlying)

$m	FY2019	FY2018	Variance
Revenue	2,907.6	3,112.7	(7%)
Operating costs	(1,536.0)	(1,646.6)	7%
EBITDA	1,371.6	1,466.1	(6%)
EBIT	829.0	940.6	(12%)
NPAT	473.3	542.1	(13%)
EPS (cps)	23.8	26.9	(12%)
Total dividend (cps)	23.8	27.1	(12%)
ROIC	9.7%	10.9%	(1.2ppt)
Gearing	41.7%	42.3%	0.6ppt

1. Continuing Operations

Underlying group EBIT bridge ($m)



EBIT by business unit (underlying)

$m	FY2019	FY2018	Variance
Coal	415.1	428.6	(3%)
Bulk	37.3	50.1	(26%)
Network	400.3	480.6	(17%)
Other	(23.7)	(18.7)	(27%)
EBIT[1]	**829.0**	**940.6**	**(12%)**

1. Continuing Operations

Group operating highlights[1]

$m	FY2019	FY2018	Variance
Above Rail[2] Revenue / NTK ($/'000 NTK)	37.7	38.1	(1%)
Labour Costs[3] / Revenue	26.0%	24.4%	(1.6ppt)
NTK / FTE (MNTK)	12.5	13.2	(5%)
EBITDA Margin – Underlying	47.2%	47.1%	0.1ppt
Operating Ratio – Underlying	71.5%	69.8%	(1.7ppt)
NTK (bn)	59.0	63.8	(8%)
Tonnes (m)	258.9	267.1	(3%)
People (FTE)	4,728	4,835	2%

1. Continuing operations
2. Above Rail includes Coal & Bulk
3. Excludes redundancy costs

Other profit & loss (underlying)

$m	FY2019	FY2018	Variance
Revenue	82.2	90.8	(9%)
Total operating expenses	(96.1)	(99.7)	4%
EBITDA	**(13.9)**	**(8.9)**	**(56%)**
Depreciation and amortisation	(9.8)	(9.8)	-
EBIT	**(23.7)**	**(18.7)**	**(27%)**

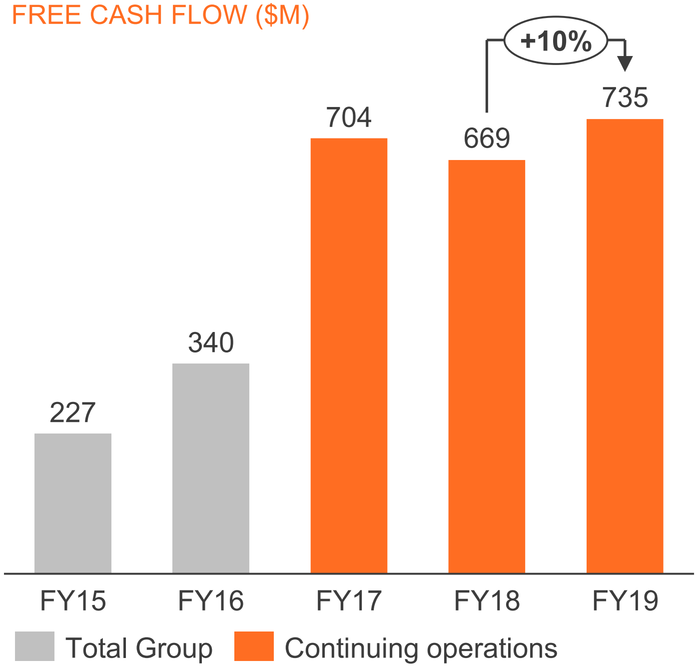
AURIZON

Quarterly above rail tonnes – June quarter 2019

	Quarter Ending					Quarter Jun-19 vs. Jun-18	Year Financial to date		Variance
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	%	Jun-19	Jun-18	%
Coal volumes (mt)									
CQCN	38.9	38.0	38.4	36.4	39.5	2%	152.3	152.5	-
NSW & SEQ	15.8	14.2	15.9	15.3	16.6	5%	62.0	59.9	4%
Total	**54.7**	**52.2**	**54.3**	**51.7**	**56.1**	**3%**	**214.3**	**212.4**	**1%**
Coal NTK (bn)									
CQCN	9.7	9.7	9.5	9.1	10.0	3%	38.3	38.3	-
NSW & SEQ	3.1	2.7	3.2	3.1	3.2	3%	12.2	12.1	1%
Total	**12.8**	**12.4**	**12.7**	**12.2**	**13.2**	**3%**	**50.5**	**50.4**	**-**
Bulk volumes (mt)	**13.3**	**11.5**	**12.1**	**10.3**	**10.7**	**(20%)**	**44.6**	**54.7**	**(18%)**
Bulk NTK (bn)	**3.4**	**2.3**	**2.5**	**1.7**	**2.0**	**(41%)**	**8.5**	**13.4**	**(37%)**
Total Above Rail Volumes (mt)	**68.0**	**63.7**	**66.4**	**62.0**	**66.8**	**(2%)**	**258.9**	**267.1**	**(3%)**

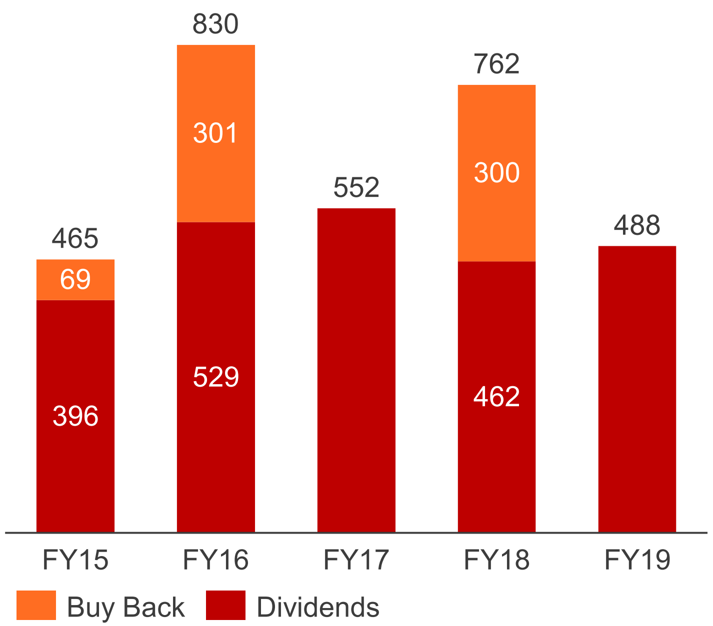
Cashflow and shareholder returns

FREE CASH FLOW ($M)



- FCF benefited from the receipt of the Cliffs termination payment
- Impact of UT5 true up in 1HFY2020 through payment to customers - ~$93m including GAPE

SHAREHOLDER RETURNS ($M)



- Final dividend 12.4cps declared at 100% payout of NPAT. 5% lower than prior year due to lower NPAT, impacted by UT5 true up
- 100% payout ratio maintained since 2HFY2015

Balance sheet summary

$m	30 June 2019	30 June 2018
Assets classified as held for sale[1]	108.4	108.0
Other current assets	631.2	698.2
Property, plant & equipment	8,536.3	8,659.9
Other non-current assets	425.2	315.7
Total assets	**9,701.1**	**9,781.8**
Liabilities classified as held for sale	(3.8)	(12.7)
Other current liabilities	(795.7)	(735.6)
Total borrowings	(3,369.8)	(3,501.9)
Other non-current liabilities	(854.4)	(801.5)
Total liabilities	**(5,023.7)**	**(5,051.7)**
Net assets	**4,677.4**	**4,730.1**
Gearing - net debt / (net debt + equity)	**41.7%**	**42.3%**

1. Assets related to discontinued operations at 30 June 2019 - $42.9m and 30 June 2018 - $106.1m

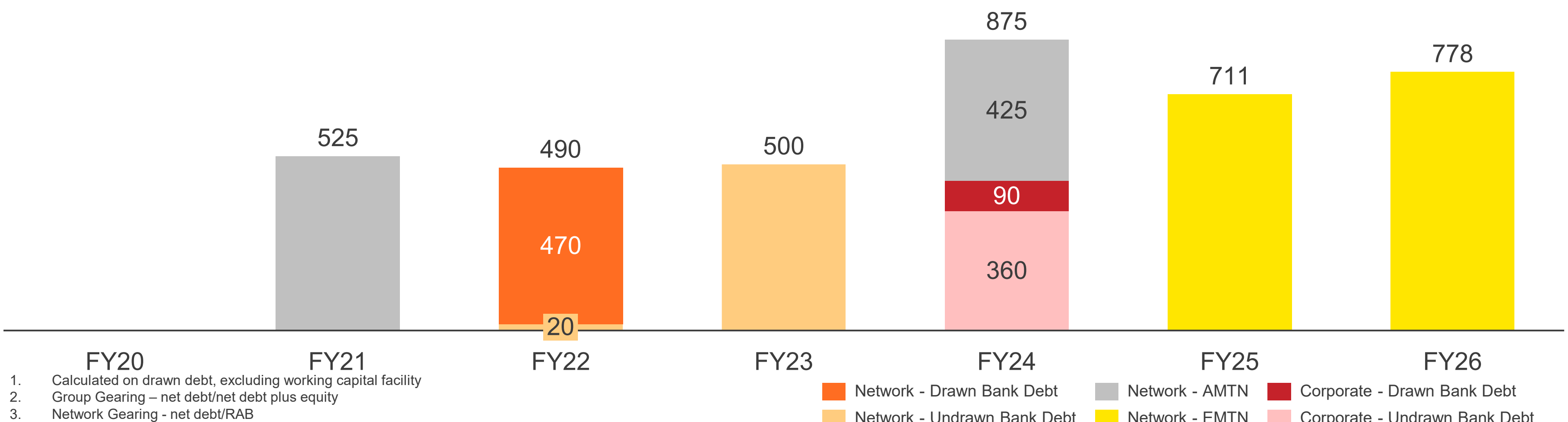
Funding update

FY2019 FUNDING ACTIVITY

- Aurizon Finance cancelled existing bank debt syndicated facilities and replaced with bilateral facilities totalling $450m, with maturity extended to November 2023

KEY DEBT METRICS	FY2019	FY2018
Weighted average maturity[1]	4.3 years	4.7 years
Group interest cost on drawn debt	4.5%	4.5%
Group Gearing[2]	41.7%	42.3%
Network Gearing[3] (incl AFDs[4])	58.7%	62.4%
Credit Rating (S&P/Moody's)	BBB+/Baa1	BBB+/Baa1

MATURITY PROFILE ($M)



1. Calculated on drawn debt, excluding working capital facility
2. Group Gearing – net debt/net debt plus equity
3. Network Gearing - net debt/RAB
4. Access Facilitation Deed

Reconciliation of borrowings

	$m	Commentary
Total debt including working capital facility	3,147.8	› Non-current debt on a Cash basis
Reconciliation to Financial Statements		
Add/(less):		
Capitalised transaction costs	(9.2)	› 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	(10.2)	› Discounts on mid-term-notes capitalised to the balance sheet and unwound to the income statement in accordance with AASB 9
MTM adjustment on bonds	241.4	› Fair value hedge MTM adjustment on bonds in accordance with AASB 9
Total adjustments	222.0	
Total borrowings per financial report	**3,369.8**	› Current and non-current borrowings

Significant Items

$m	FY2019	FY2018	Variance
Continuing operations	**-**	**25.7**	**-**
Asset impairments - Bulk	-	(31.7)	-
Cliffs contract exit	-	34.5	-
Redundancy benefit	-	22.9	-
Discontinued operation - Intermodal	**(11.4)**	**(74.7)**	**nm**

Redundancy cost information

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
FY2018	17	(10)
FY2019	21	(1)

- 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
- Redundancy costs are presented for total Group (Continuing and Discontinued operations)

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Dividend history

	Payment Date	Amount per share (cents)	Franking	Payout Ratio
FY2019 Final	23 September 2019	12.4	70%	100%[1]
FY2019 Interim	25 March 2019	11.4	70%	100%[1]
FY2019 Total Dividend		**23.8**		
FY2018 Final	24 September 2018	13.1	60%	100%[1]
FY2018 Interim	26 March 2018	14.0	50%	100%[1]
FY2018 Total Dividend		**27.1**		
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**		

The relevant final dividend dates are:

- Ex-dividend date 26 August 2019
- Record date 27 August 2019

1. Payout ratio on underlying NPAT for continuing operations

Impact of AASB 16 Leases

The Group will adopt AASB 16 from 1 July 2019

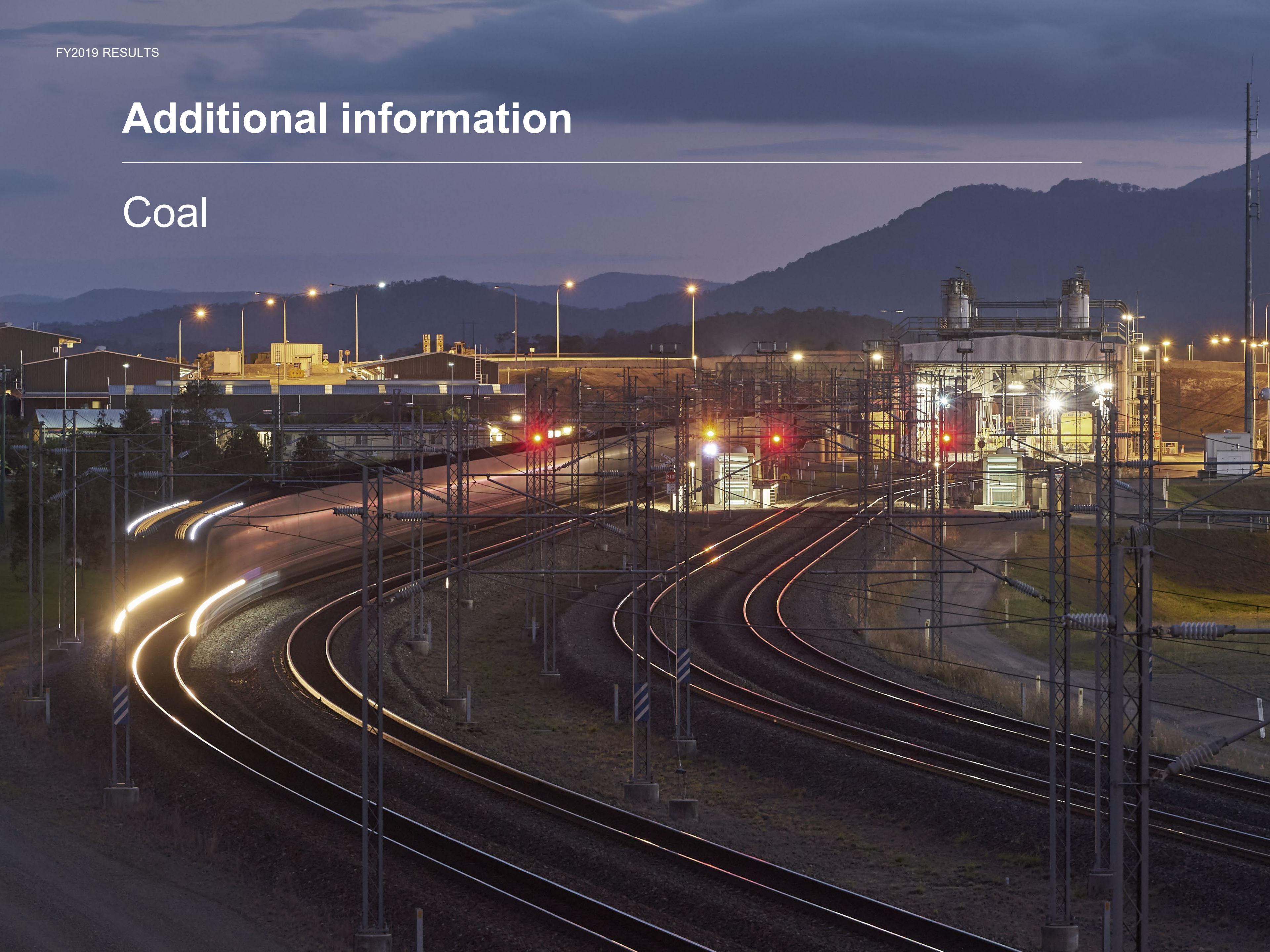
- The adoption of AASB 16 will result in almost all previously recognised operating leases being recognised on the balance sheet. Under the new standard an asset (right to use the leased item) and a finance liability to pay rentals are recognised
- The Group has elected to apply the Modified Retrospective Approach when transitioning to the new standard. The Group will not be required to restate comparative information
- Impact on the financial accounts:
  - Increase in total assets of $97.7m, including recognition of a right of use asset in PP&E and lease receivables
  - Increase in total liabilities of $96.2m, including recognition of lease liabilities
  - Increase in equity of $1.5m, representing the impact on retained earnings on adoption of the modified retrospective transition approach
  - Estimated increase to EBIT of $0.5m and a decrease in profit before tax of $2.8m for FY2020
- With the introduction of the new lease accounting standard Aurizon has reviewed the current ROIC calculation and simplified the definition of invested capital which will be applied from FY2020

ESTIMATED IMPACT ON BALANCE SHEET

ASSETS	**$m**
Current Assets	
Other assets	5.0
Non Current assets	
Property, plant & equipment	51.2
Other assets	41.5
LIABILITIES	
Current liabilities	
Provisions	0.1
Other liabilities	(9.2)
Non Current liabilities	
Provisions	2.1
Other liabilities	(89.2)
Net assets	**1.5**
EQUITY	
Retained earnings	(1.5)

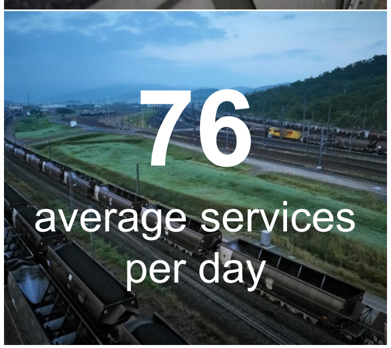
Additional information

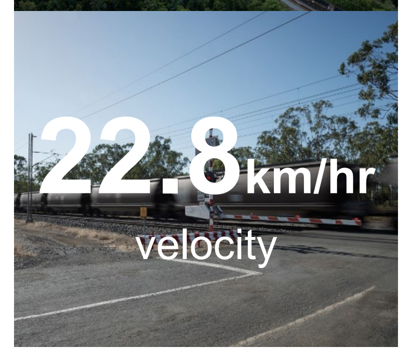
Coal



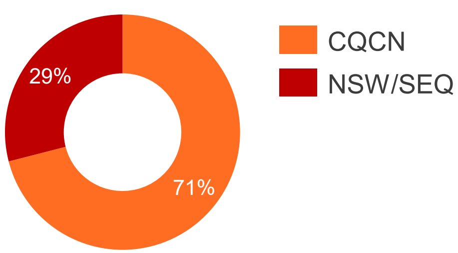
Coal snapshot

As at 30 June 2019



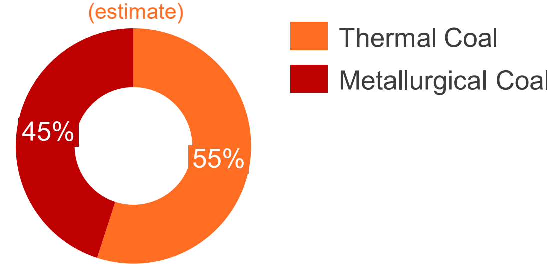


TONNES

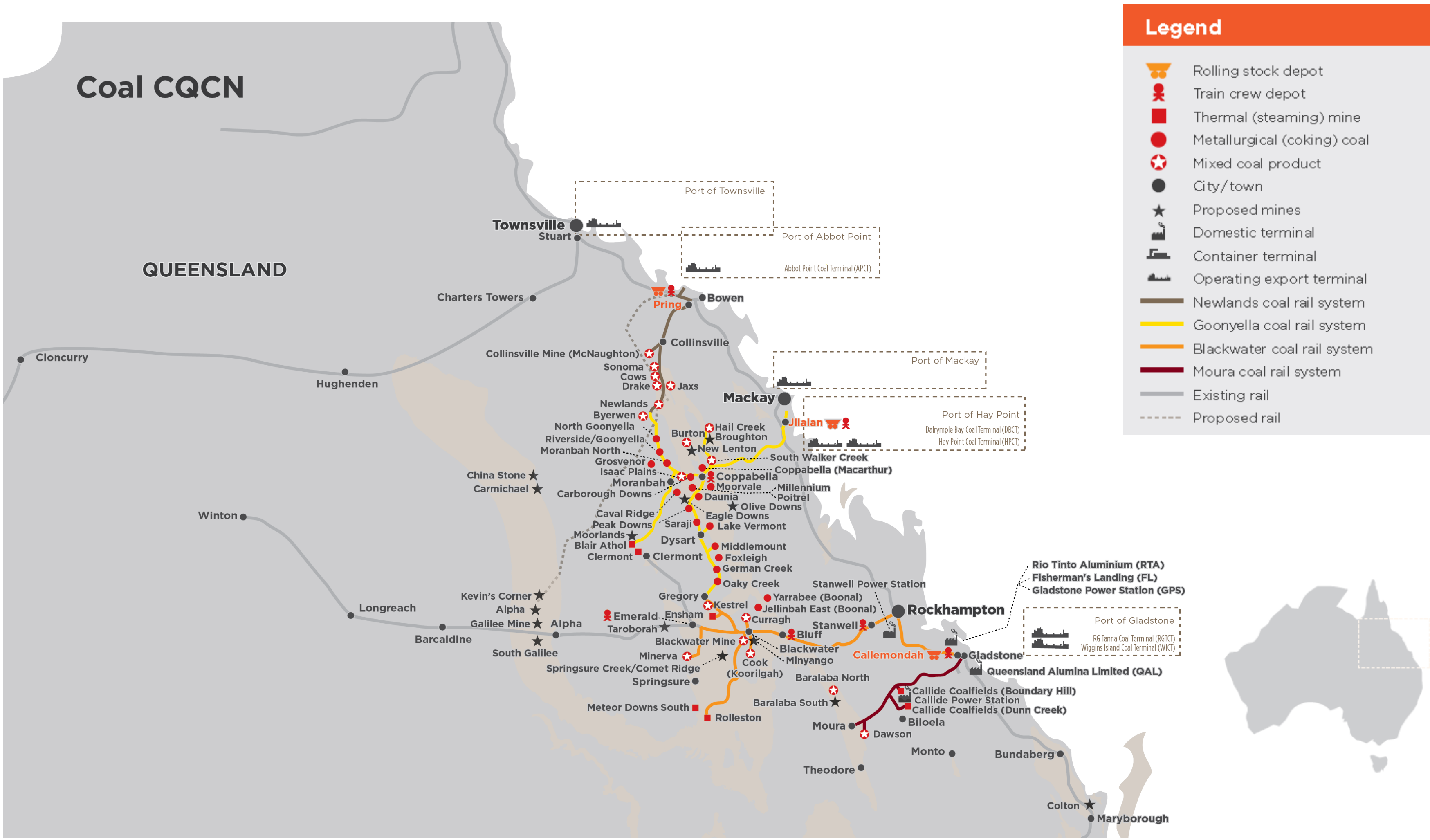


HAULAGE BREAKDOWN

(estimate)



Coal operations - CQCN



Includes all mines in the CQCN

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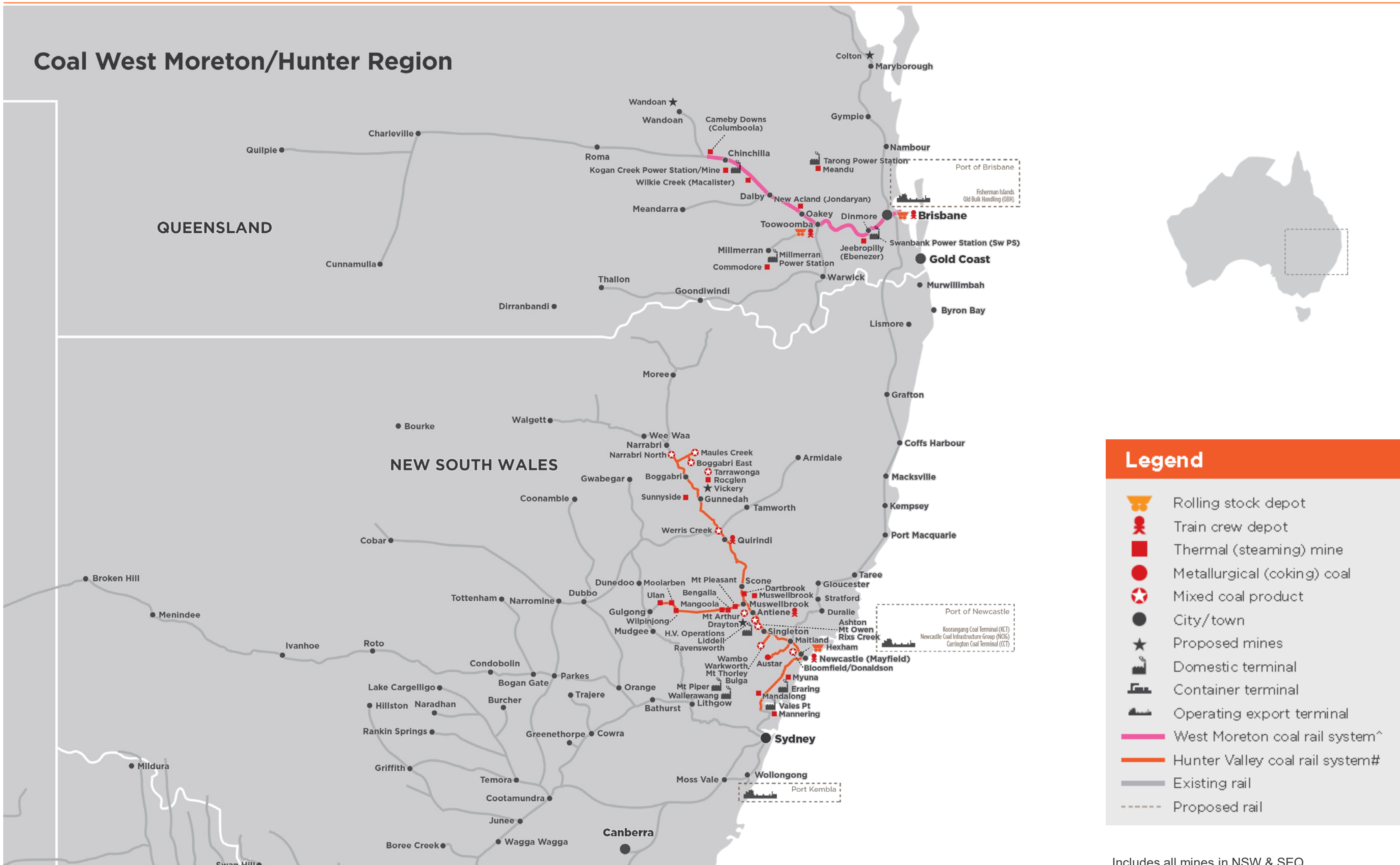
Coal operations – NSW & South East Queensland (SEQ)



Includes all mines in NSW & SEQ

AURIZON

Coal profit and loss (underlying)

$m	FY2019	FY2018	Variance
Tonnes (m)	214.3	212.4	1%
Above Rail	1,236.2	1,207.8	2%
Track Access	487.7	598.1	(18%)
Other	0.9	7.3	(88%)
Total Revenue	**1,724.8**	**1,813.2**	**(5%)**
Operating Expenses	(1,115.0)	(1,202.0)	7%
EBITDA	**609.8**	**611.2**	**-**
Depreciation and amortisation	(194.7)	(182.6)	(7%)
EBIT	**415.1**	**428.6**	**(3%)**
Operating Ratio	75.9%	76.4%	0.5ppt
Operating Ratio (excluding access revenue)	66.4%	64.7%	(1.7ppt)

Coal financial and operating metrics

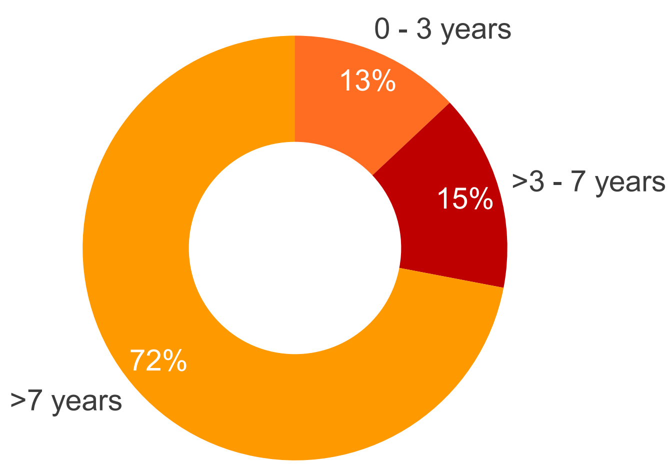
	FY2019	FY2018	Variance
Tonnes (m)	214.3	212.4	1%
NTKs (bn)	50.5	50.4	-
Above Rail Revenue /NTK ($/’000 NTK)	24.5	24.0	2%
Opex (excl access)/NTK ($/’000 NTK)	16.6	15.4	(8%)
Locomotive Productivity (000’s NTK / Active loco days)	419.9	462.8	(9%)
Wagon Productivity (000’s NTK / Active wagon days)	16.1	16.4	(2%)
Payload (tonnes)	7,496	7,447	1%
Velocity (km/hr)	22.8	23.2	(2%)
Fuel Consumption (l/d GTK)	2.93	2.91	(1%)
Contract Utilisation	90%	93%	(3.0 ppt)

Coal haulage tonnes (mt) by system

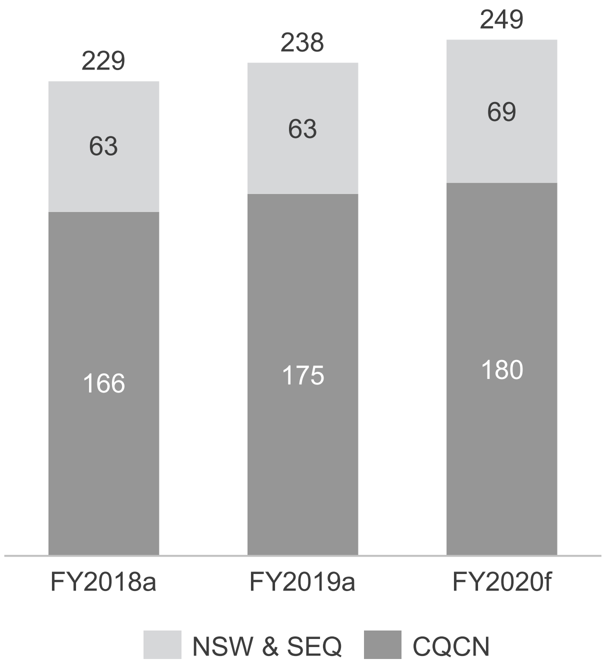
	FY2019	FY2018	Variance
CQCN			
Newlands	18.8	20.4	(8%)
Goonyella	61.0	62.4	(2%)
Blackwater	58.9	58.5	1%
Moura	13.6	11.2	21%
Total CQCN	**152.3**	**152.5**	**-**
NSW & SEQ			
West Moreton	7.4	7.6	(3%)
Hunter Valley	54.6	52.3	4%
Total NSW & SEQ	**62.0**	**59.9**	**4%**
Total Coal	**214.3**	**212.4**	**1%**

Coal contract portfolio

COAL CONTRACT PORTFOLIO EXPIRY PROFILE (AS AT 30 JUNE 2019)[1]



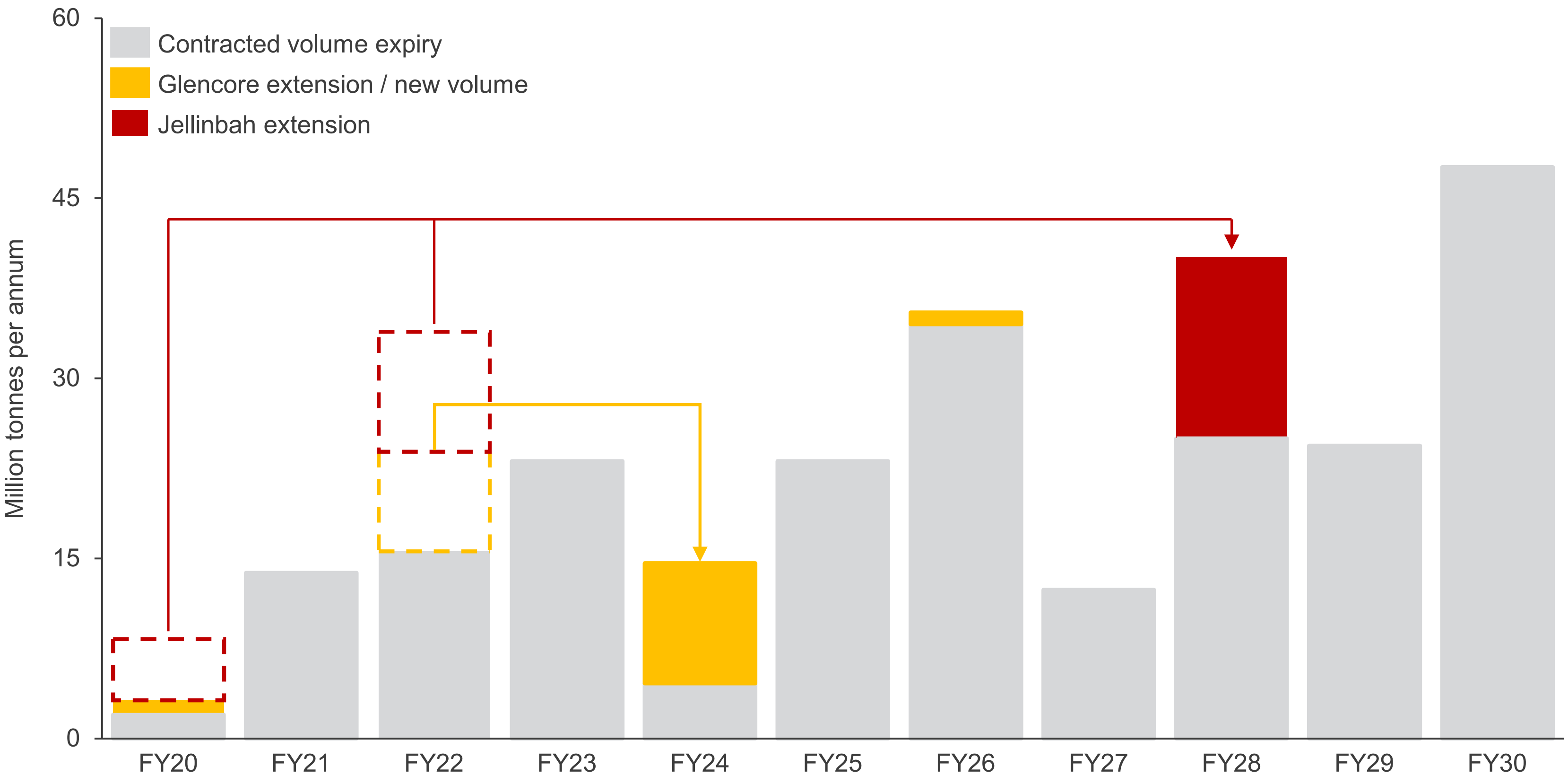
ANNUALISED FORECAST COAL CONTRACTED VOLUMES (MTPA)[1]



1. This represents the contracted tonnes as at 30 June 2019 and includes nominations, options and other uncertain events that have the potential to cause variance in AZJ contracted tonnes. It also incorporates the Glencore contract extensions and additional volume signed after 30 June 2019

Coal contract portfolio

AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR (MTPA – AS AT 30 JUNE 2019)



Notes:

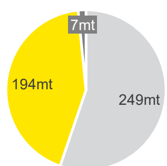
- This represents the maximum contracted tonnes as at 30 June 2019, adjusted for the Glencore contract extensions and additional volume signed after 30 June 2019. Announced contract tonnages may not necessarily align with current contract tonnages.
- Incorporates contract extension options where applicable.
- Includes immaterial variations to volume/term not announced to market.

Australia FY2018 Coal Supply Summary

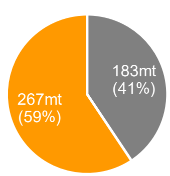
Coal Production

450mt

State Split



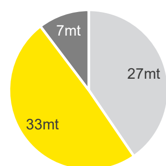
Coal Type



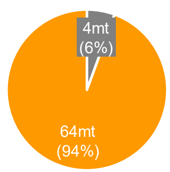
Domestic Consumption

68mt

State Split



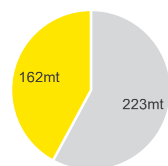
Coal Type



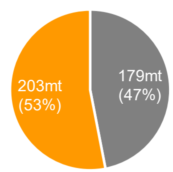
Export

382mt

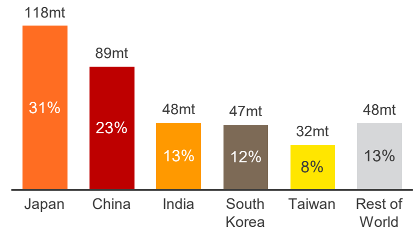
State Split^



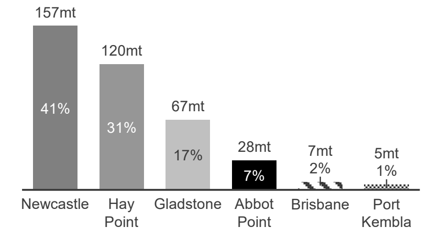
Coal Type



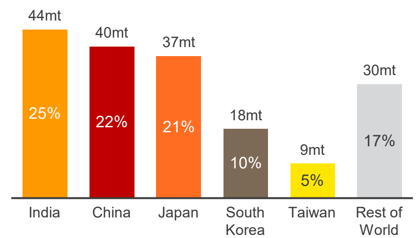
All Coal Export (By Destination)



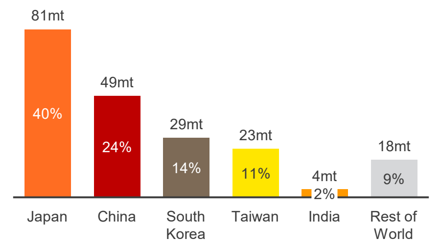
All Coal Export (By Port)



Metallurgical Coal Export (By Destination)



Thermal Coal Export (By Destination)

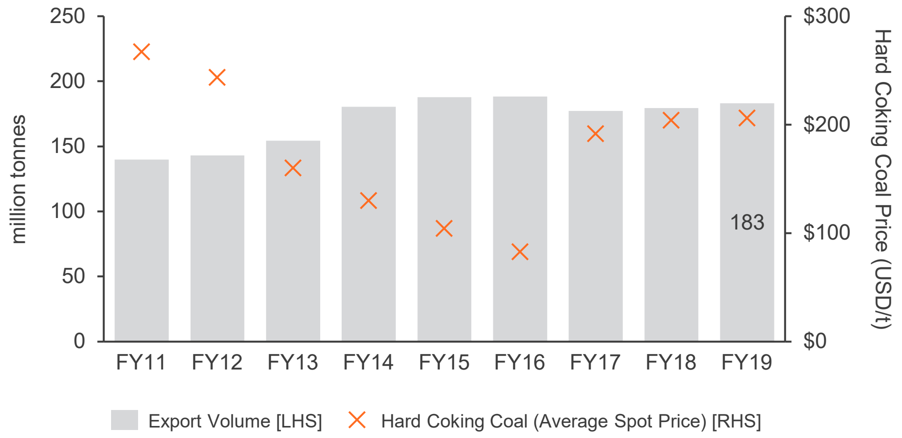


Coal Mining Employment	Aust. Electricity Generation Share	Export Revenue	QLD Royalties	NSW Royalties
38k	46%	$60b	$3.7b	$1.7b

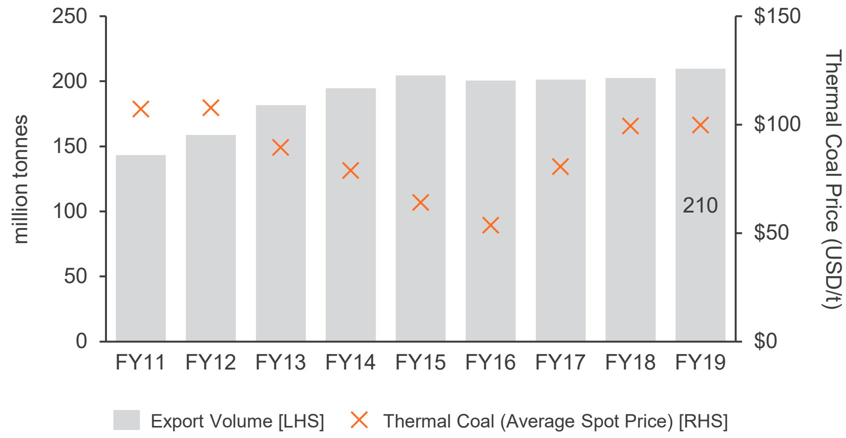
^Due to different sources, the sum of state export volume may not equal the national total. ***Sources - Coal Production:*** *Volume (saleable coal), state split and coal type sourced from Office of Chief Economist (OCE) Resources and Energy Quarterly June 2019.* ***Domestic Consumption:*** *Volume calculated using production (OCE) less exports (OCE).* ***Export Volume*** *and coal type sourced from OCE. Export state split percentage sourced from port/terminal reporting and applied to OCE volume.* ***All Coal Export (By Destination):*** *Includes anthracite volume, sourced from Australian Bureau of Statistics (ABS) Customised Report.* ***All Coal Export (By Port):*** *Sourced from respective port/terminal reporting.* ***Metallurgical/Thermal Export (By Destination):*** *Sourced from ABS, Customised Report.* ***Employment:*** *ABS Labour Account Australia, year ended 30 June 2018.* ***Australian Electricity Generation Share:*** *Data for FY17 (GWh, black coal only), sourced from Department of the Environment & Energy, Australian Energy Update 2018.* ***Export Revenue:*** *Sourced from ABS, Customised Report.* ***QLD Royalties:*** *Sourced from QLD Treasury Mid-Year Fiscal & Economic Review 2018-19.* ***NSW Royalties:*** *Sourced from NSW Department of Planning & Environment.*

Coal Market | Australia

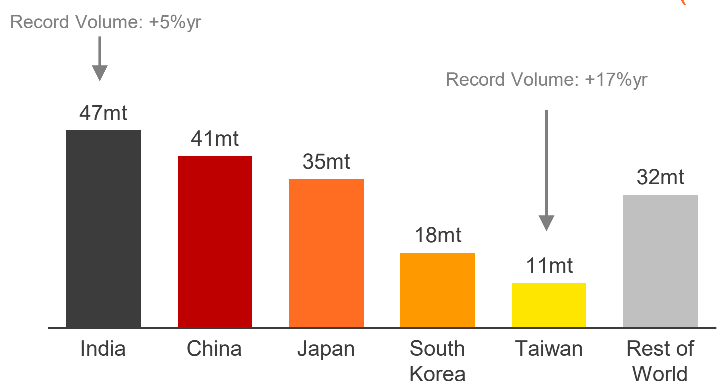
AUSTRALIA: METALLURGICAL COAL EXPORT



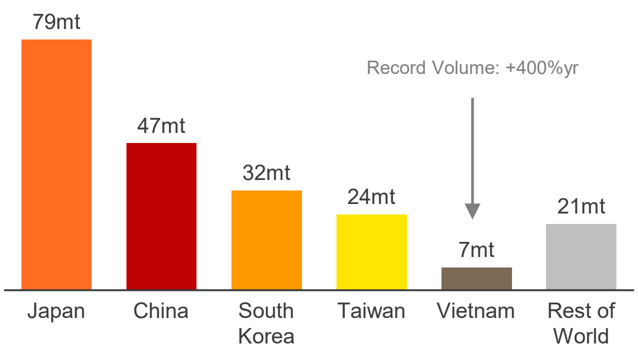
AUSTRALIA: THERMAL COAL EXPORT



AUSTRALIA: METALLURGICAL COAL EXPORT (FY2019)



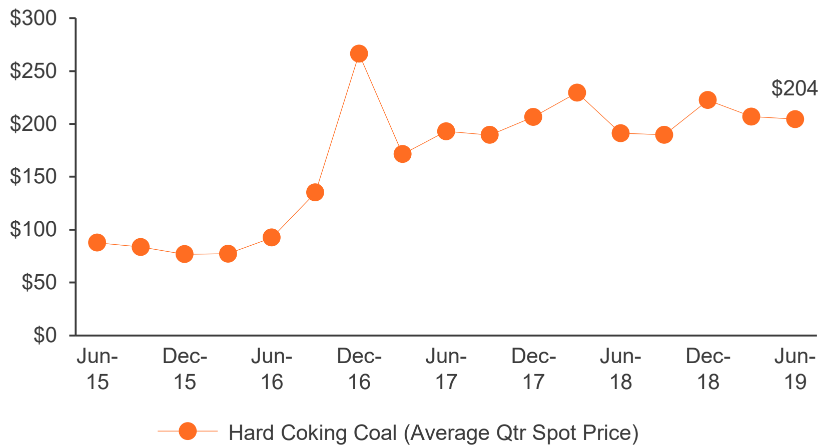
AUSTRALIA: THERMAL COAL EXPORT (FY2019)



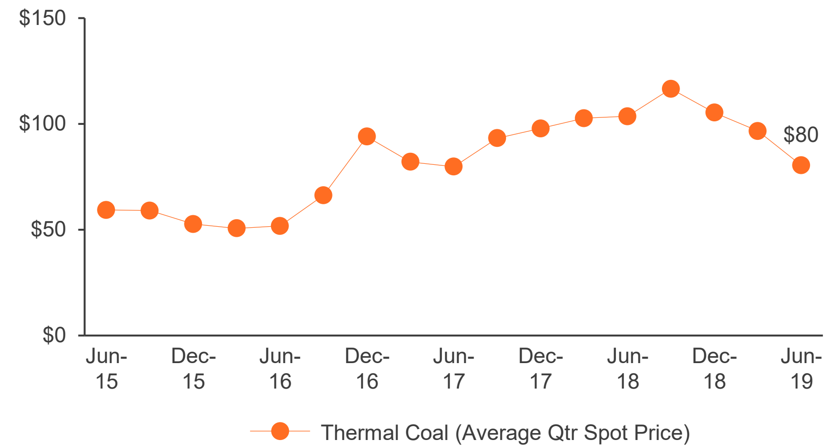
Sources/Notes: Export Volume (and country split) - Australian Bureau of Statistics, Customised Report. Hard Coking Coal Price – Platts (Peak Downs Region product). Thermal Coal Price - Intercontinental Exchange (Newcastle 6,300 kcal/kg Gross As Received product).

Coal Price | Coal Capital & Exploration Expenditure

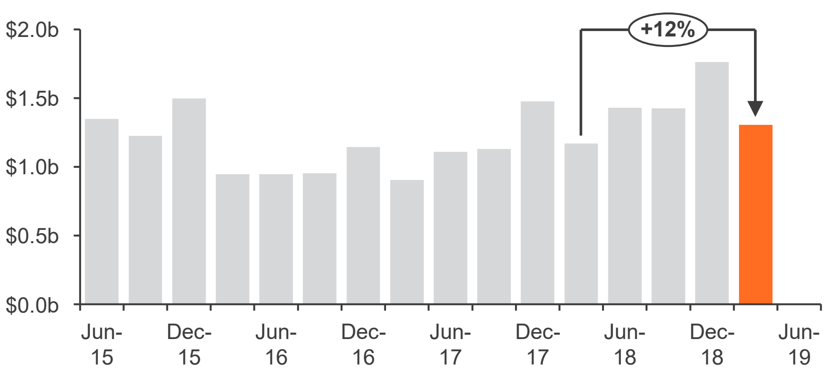
HARD COKING COAL SPOT PRICE (US$/t FOB)



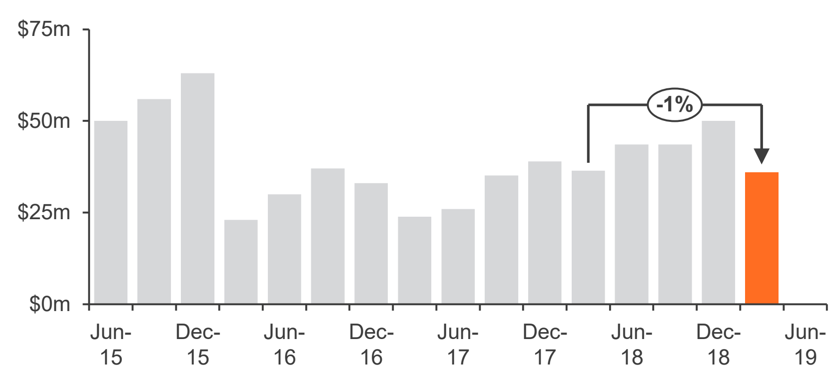
THERMAL COAL SPOT PRICE (US$/t FOB)



COAL CAPITAL EXPENDITURE (AUD)



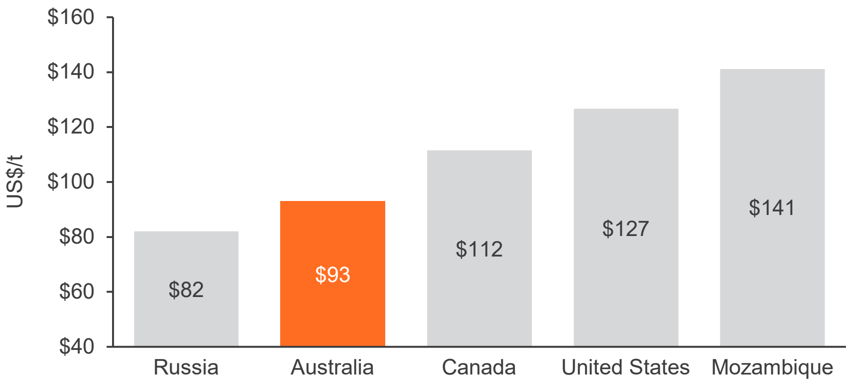
COAL EXPLORATION EXPENDITURE (AUD)



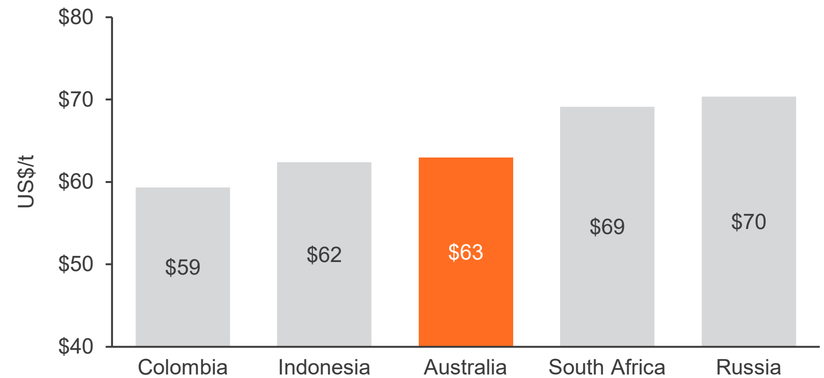
Sources/Notes: Hard Coking Coal Price – Platts (Peak Downs Region product). Thermal Coal Price - Intercontinental Exchange (Newcastle 6,300 kcal/kg Gross As Received product). Coal Capital & Exploration Expenditure: Australian Bureau of Statistics. FOB = Free On Board

Australia coal competitiveness

METALLURGICAL COAL CASH COSTS (US$/t, CFR INDIA, 2019)

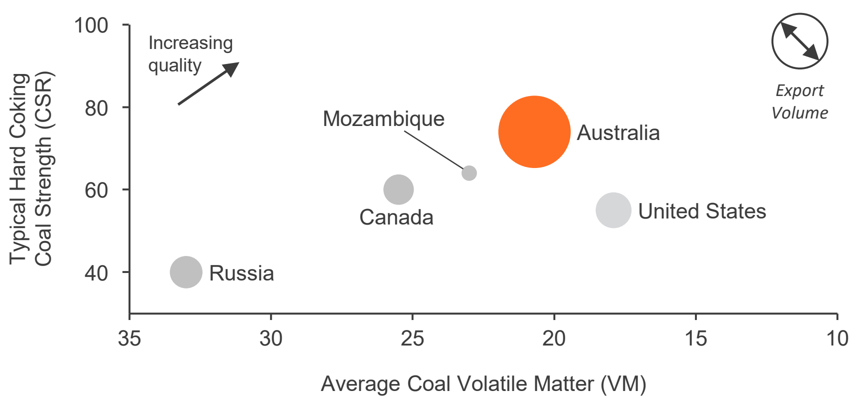


THERMAL COAL CASH COSTS (US$/t, CFR JAPAN, 2019)

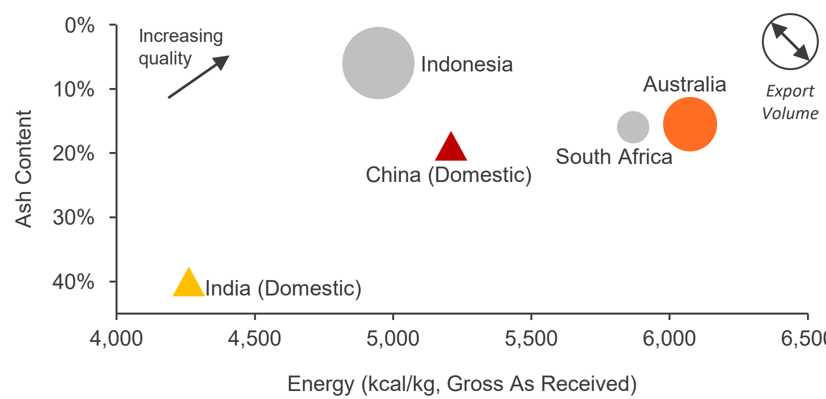


Note: Thermal Cash Costs (FOB) are energy-adjusted to 6,300 kcal/kg (Gross As Received)

METALLURGICAL COAL QUALITY



THERMAL COAL QUALITY



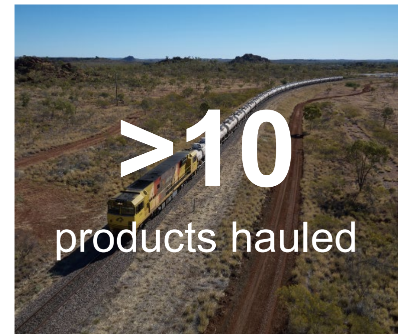
Sources/Notes: **Cash Costs:** Wood Mackenzie Coal Cost Curves (Data: May 2019, Reference Year: 2019), Wood Mackenzie Global Coal Markets Tool (Data: 2019 1H, Reference Year: 2019), Sea freight export terminal assumptions: US – East Coast, Canada – West Coast, Australia – Hay Point (Metallurgical) & Newcastle (Thermal), Russia - East. **Metallurgical Coal Quality**: Wood Mackenzie Global Coal Markets Tool (2019 1H). **Thermal Coal Quality**: Wood Mackenzie Coal Cost Curves (Data: May 2019, Reference Year: 2019), Wood Mackenzie Coal Supply Data Tool (Q1 2019, Reference Year: 2019), India Ministry of Coal Provisional Coal Statistics 2017-18, IEA Coal Medium-Term Market Report 2016, Indonesia Coal Mining Association, Richards Bay benchmark specifications (Platts).

Additional information

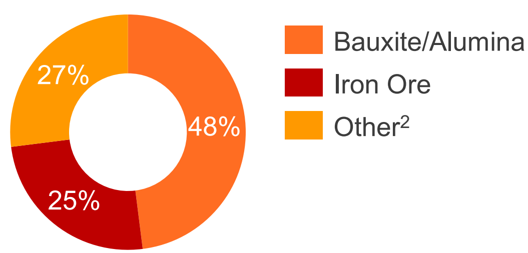
Bulk

Bulk snapshot

As at 30 June 2019

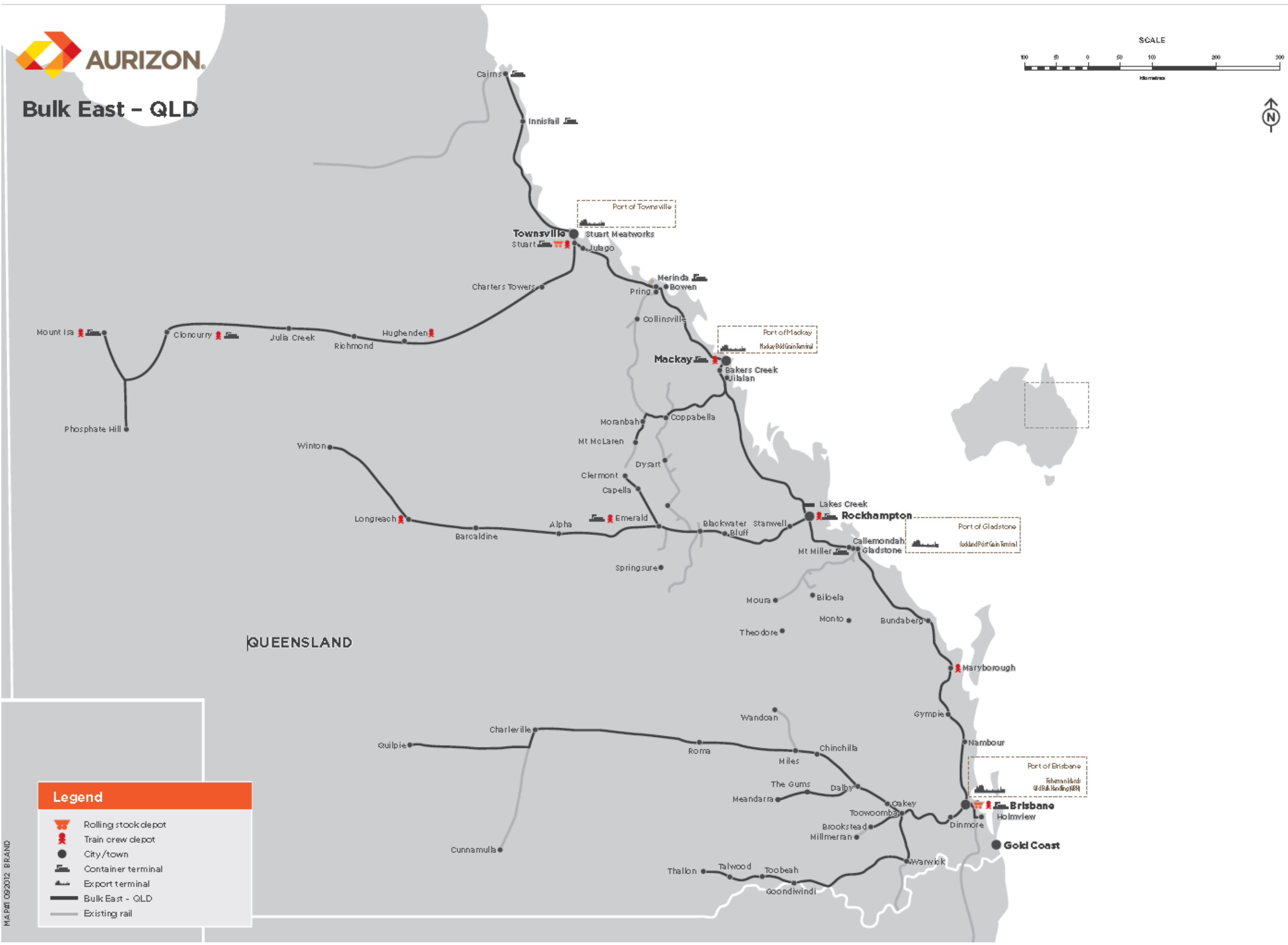


HAULAGE BREAKDOWN

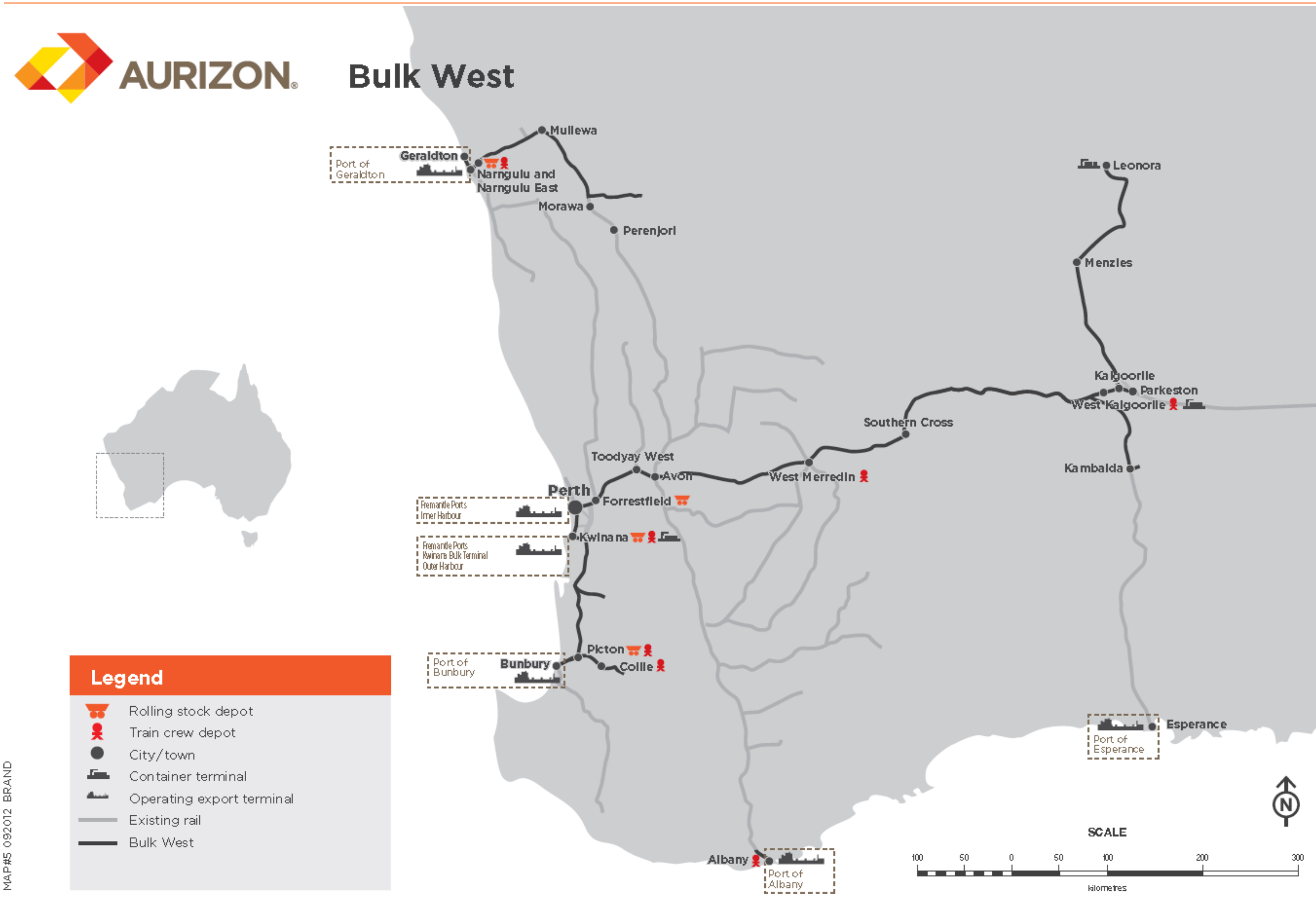


1. Net tonnes per kilometre. Payload tonnes x distance payload transported km/1bn
2. Includes limestone, chemicals (caustic and sulphuric acid), fuel and agriculture

Bulk operations – Queensland



Bulk operations – Western Australia



Bulk profit & loss (underlying)

$m	FY2019	FY2018	Variance
Tonnes (m)	44.6	54.7	(18%)
Total Revenue	501.7	618.1	(19%)
Total operating expenses	(447.2)	(542.9)	18%
EBITDA	**54.5**	**75.2**	**(28%)**
Depreciation and amortisation	(17.2)	(25.1)	31%
EBIT	**37.3**	**50.1**	**(26%)**
Operating Ratio	92.6%	91.9%	(0.7ppt)

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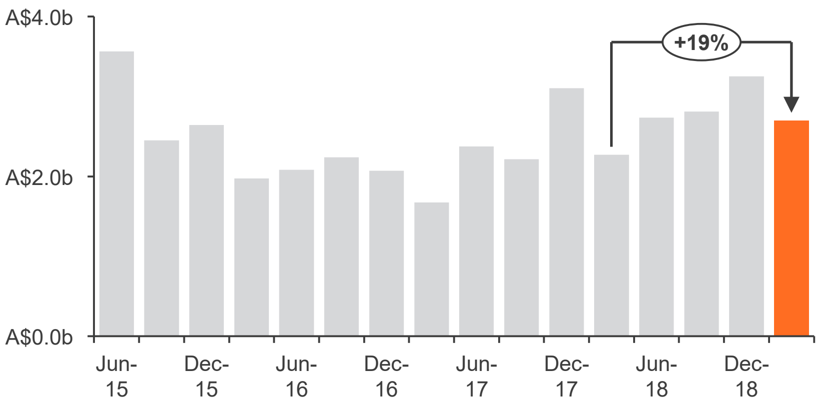
Bulk financial and operating metrics

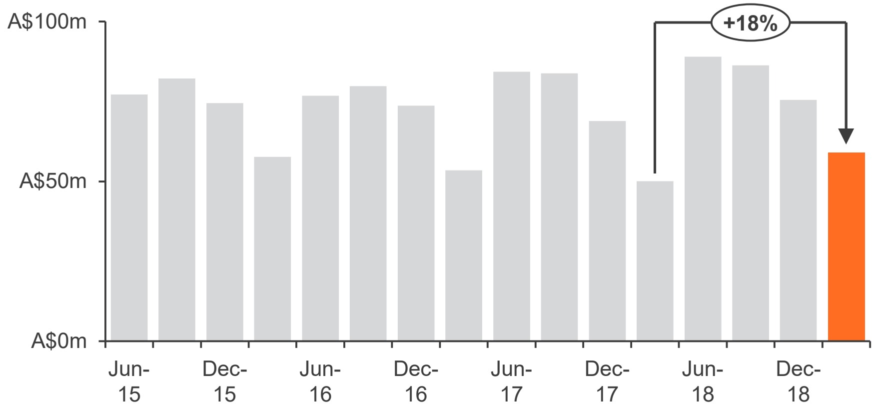
$m	FY2019	FY2018	Variance
Tonnes (m)	44.6	54.7	(18%)
NTKs (bn)	8.5	13.4	(37%)
Operating Ratio	92.6%	91.9%	(0.7ppt)
Revenue / NTK ($000 NTK)	59.0	46.1	28%
Opex (excl access)/NTK ($/'000 NTK)	42.4	30.3	(40%)
Fuel Consumption (l/d GTK)	3.29	3.01	(9%)
Order Fulfilment (%)	96.0%	98.0%	(2.0ppt)

Australia Capital & Exploration Expenditure

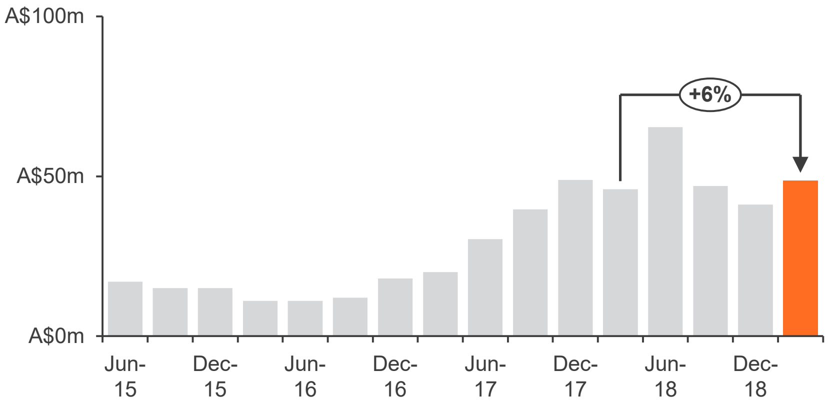
CAPITAL EXPENDITURE: METAL ORE MINING[1]



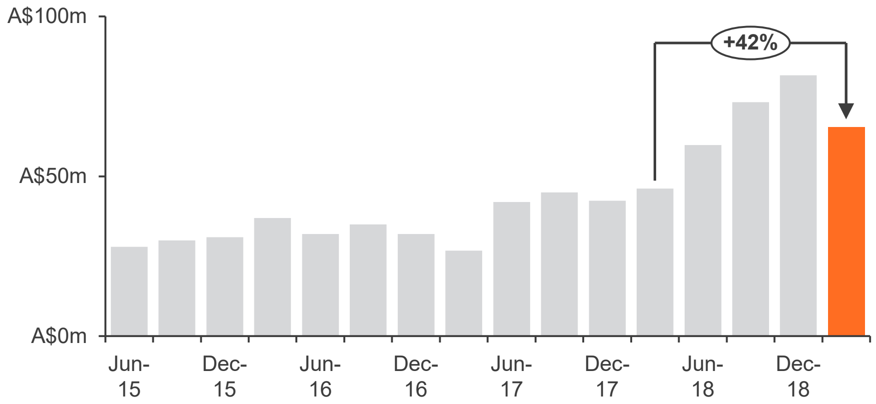
EXPLORATION EXPENDITURE: IRON ORE



EXPLORATION EXPENDITURE: NICKEL & COBALT



EXPLORATION EXPENDITURE: COPPER



Source/Notes: Australian Bureau of Statistics, Note: [1]Metal Ore Mining includes: Iron ore, Bauxite, Copper, Gold, Mineral Sand, Nickel, Silver, Lead, and Zinc.

Bulk commodities: Global & Australia

Global & Australia supply growth (CAGR 2019-2024)

(Selected commodities)

Source/Notes: Lithium, Nickel, Bauxite, Iron ore, Alumina, Zinc: Office of the Chief Economist (Resources & Energy Quarterly March 2019), Potash and phosphate: Food & Agriculture Organization of the United Nations – World fertilizer trends and outlook to 2020 (growth represents world supply between 2015-2020). Source data not available: Global – bauxite, iron ore & alumina, Australia – Potash & phosphate.

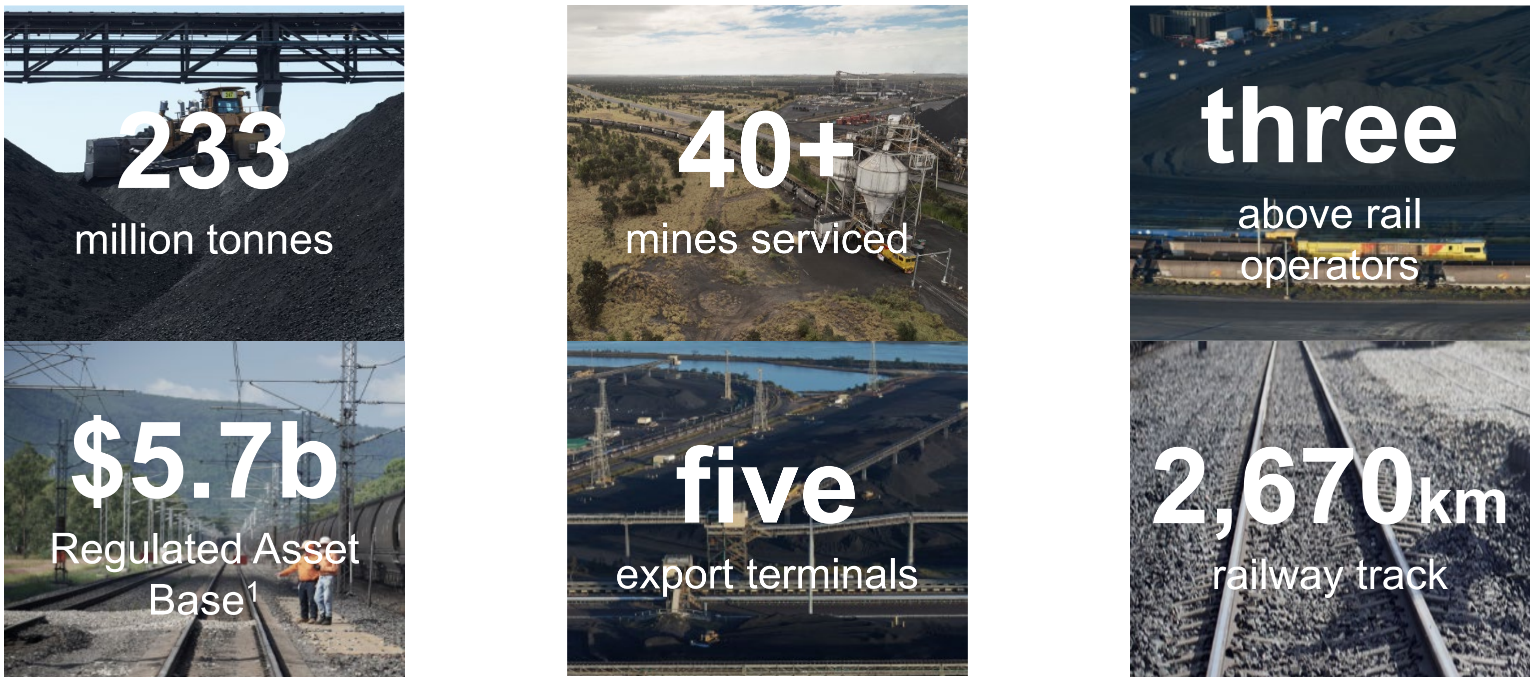
Additional Information

Network

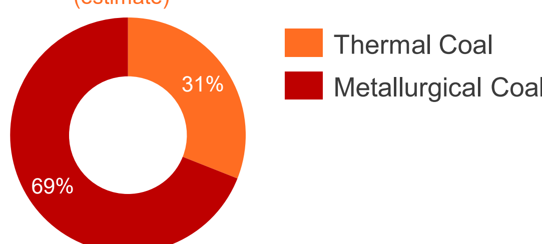
AURIZON

Network snapshot

As at 30 June 2019



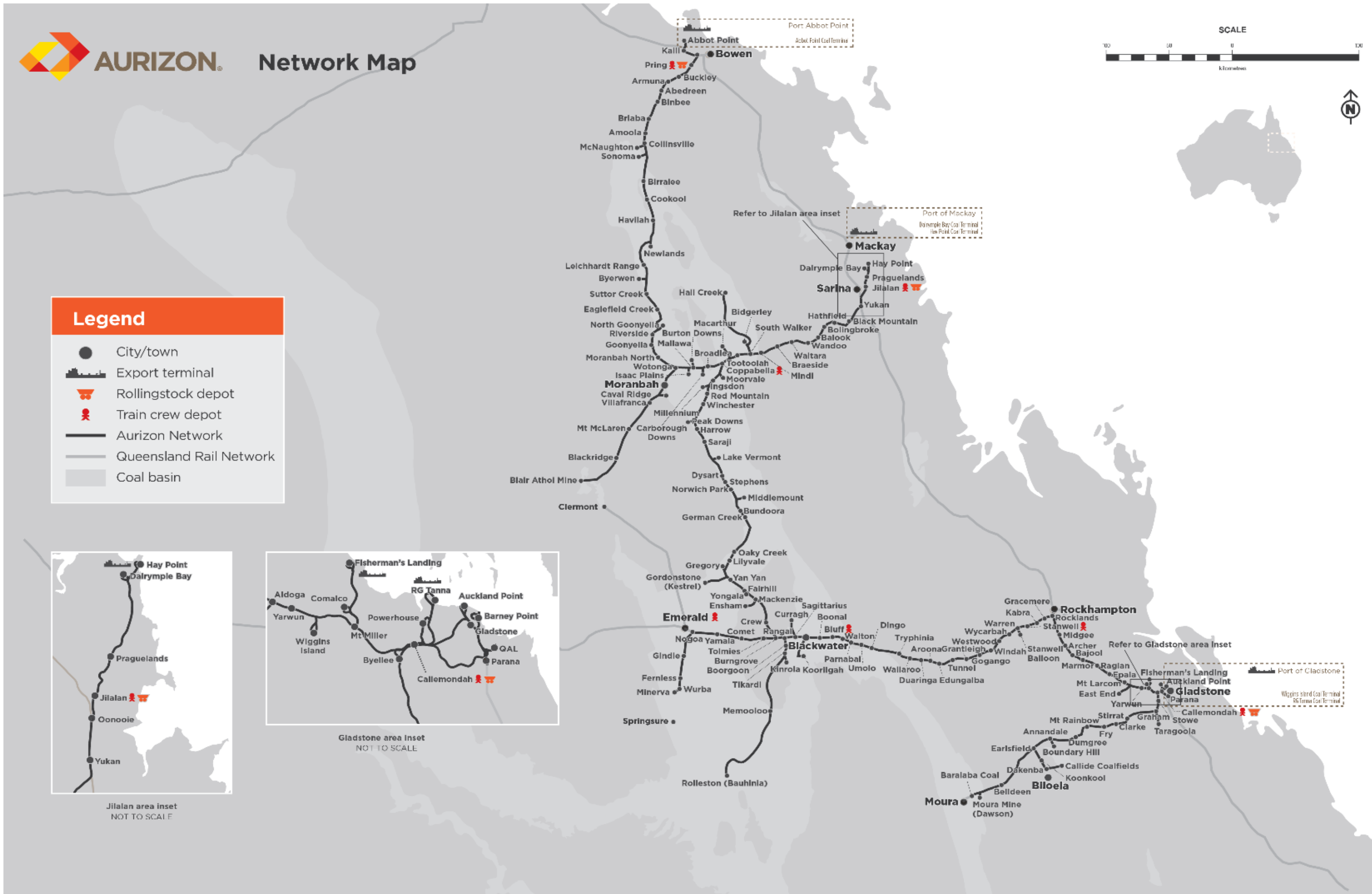
HAULAGE BREAKDOWN[2] FY2019
(estimate)



1. Estimate at 1 July 2019 - Roll forward value based on UT5FD (excludes $0.4bn in assets operating under an AFD)
2. Estimate – based on AZJ analysis, represents coal hauled on the CQCN by all operators

Central Queensland Coal Network (CQCN)

CQCN comprises four major coal systems and one connecting system link (GAPE) servicing Queensland's Bowen Basin coal region



AURIZON

Network profit & loss (underlying)

$m	FY2019	FY2018	Variance
Tonnes (m)	232.7	229.6	1%
Access Revenue	1,070.3	1,167.1	(8%)
Services and other	47.4	51.6	(8%)
Total Revenue	**1,117.7**	**1,218.7**	**(8%)**
Operating costs	(396.5)	(430.1)	8%
EBITDA	**721.2**	**788.6**	**(9%)**
Depreciation and amortisation	(320.9)	(308.0)	(4%)
EBIT	**400.3**	**480.6**	(17%)
Operating Ratio	64.2%	60.6%	(3.6ppt)

Network financial and operating metrics

	FY2019	FY2018	Variance
Tonnes (m)	232.7	229.6	1%
NTK (bn)	57.9	56.9	2%
Operating Ratio	64.2%	60.6%	(3.6ppt)
Maintenance/NTK ($/'000 NTK)	2.3	2.2	(5%)
Opex/NTK ($/'000 NTK)	12.4	13.0	5%
Cycle Velocity (km/hr)	23.1	23.5	(2%)
System Availability	83.8%	82.0%	1.8ppt
Average Haul Length (km)	248.8	247.7	-

Network volumes

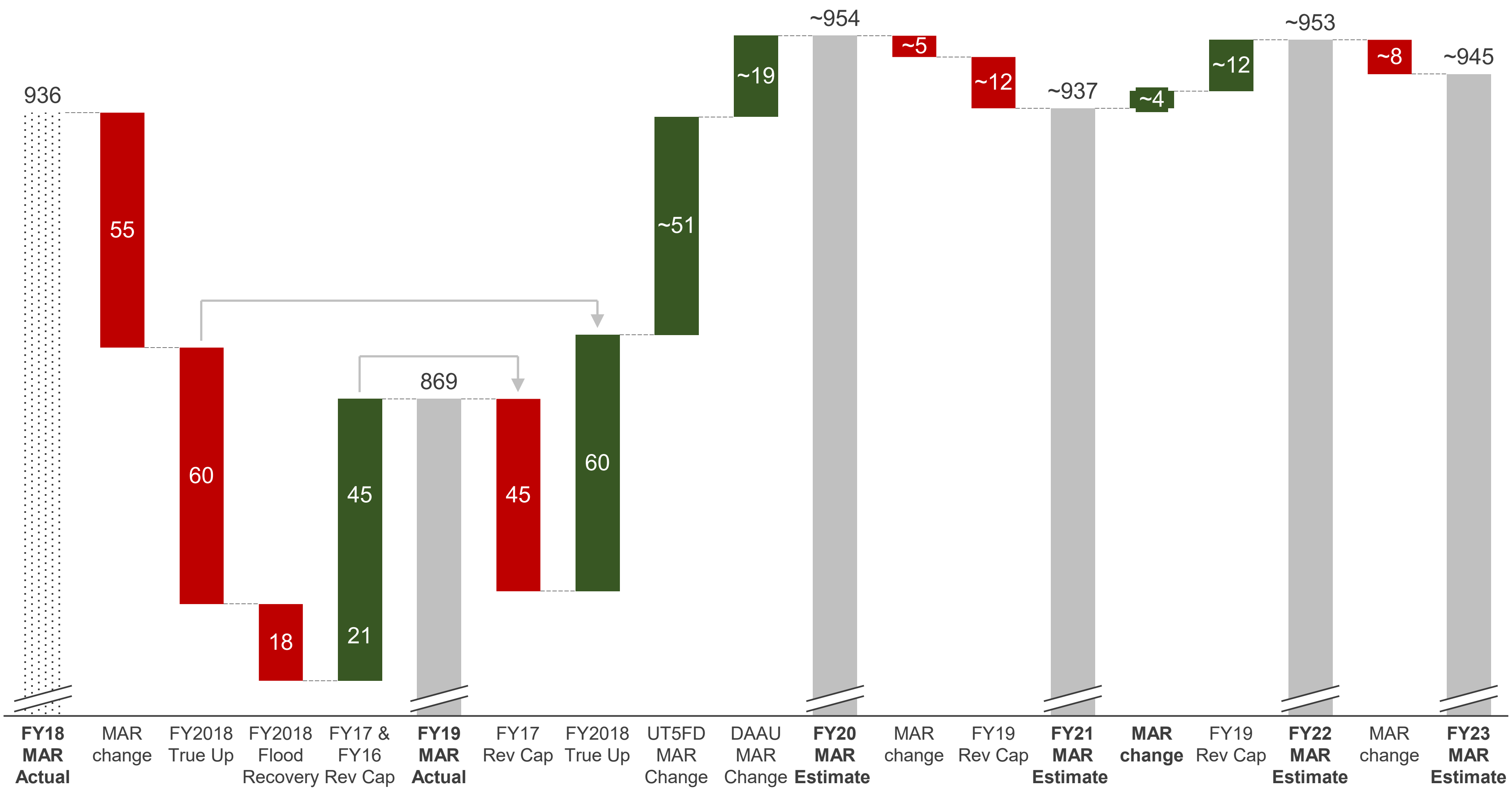
	FY2019	FY2018	Variance
Newlands	12.6	13.1	(4%)
Goonyella	124.5	126.5	(2%)
Blackwater/WIRP	64.9	62.7	4%
Moura	13.6	11.1	23%
GAPE	17.1	16.2	6%
Total	**232.7**	**229.6**	**1%**
Average haul length[2] (kms)	248.8	247.7	-

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

Network adjusted MAR bridge - Customer DAAU

Indicative Network adjusted MAR (Ex GAPE) for FY2019 to FY2023 based on the revised terms of the Customer DAAU

INDICATIVE NETWORK ADJUSTED MAR* FY2018 – FY2023 ($M)



- Excludes GAPE, assumes no reduction in revenue due to Network non-performance and no volume variance from FY2019 onwards
- Assumes a Report Date of March 2020

Network revenue adjustment amounts (revenue cap)

Financial Year	$AT_{2\text{-}4}$ (diesel tariff) $m	AT_5 (electric tariff) $m	Total $m
2019[1]	~(9)[2]	~(3)[2]	~(12)[2]
2018	(6.2)[2]	5.5	(0.7)[2]
2017[3]	30.7	14.0	44.1
2016[3]	(26.5)[2]	3.1	(23.4)[2]

- Revenue adjustment amounts (RAA) are the difference by system between Aurizon's Total Actual $AT_{2\text{-}5}$ Revenue and Allowable $AT_{2\text{-}5}$ Revenue
- The RAA amounts are collected or repaid through a tariff adjustment two years later
- All (except FY2019) revenue adjustment amounts include cost of capital adjustments
- RAA also includes adjustments for maintenance and consumer price index (MCI/CPI), rebates, energy connection costs and other costs recoverable in accordance with Schedule F of the Access Undertaking. Note for FY2019 these have not been included and will be incorporated in the revenue adjustment amount submission to the QCA in September 2019

Note: AT = Access Tariff Revenue Adjustment Amount
1. Estimated, excludes cost of capital adjustment and only includes AT2-5 adjustments. This has not been submitted to the QCA
2. Return to access holders
3. FY2016 $AT_{2\text{-}4}$ includes $2.0 return for GAPE, FY2017 $AT_{2\text{-}4}$ includes $0.5m return for GAPE

Reconciliation of billed MAR to reported access revenue

$m	FY2019 Actual	FY2018 Actual
Billed Access Revenue (AT_1 to AT_5) (ex. GAPE)	885	940
Approved Adjustments to MAR		
Flood Claim recoveries[1]	-	18
Revenue Cap (ex. GAPE and inclusive of capitalised interest)	44	(22)
UT5 MAR True-up	(60)	-
Regulated Access Revenue (ex. GAPE)	**869**	**936**
Total non-regulated Access Revenue (ex. GAPE)	16	38
Total GAPE Revenue (Regulatory + non-regulatory)	185	193
Total Access Revenue per Aurizon Statutory Accounts	**1,070**	**1,167**

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

1. FY2018 includes amounts of $2.2m approved in respect of the FY2016 event and $16.2m (excluding the GAPE amount of $1.2m) approved for inclusion in the transitional allowance revenue for FY2018 emanating from the FY2017 Cyclone Debbie event

AURIZON

Regulated asset base (RAB)

Network maintains a record of the value of its existing assets for regulatory pricing called the RAB

ROLLFORWARD RAB

- This represents the value of Network assets for regulatory purposes
- Each year Network rolls forward the RAB adjusting for indexation, depreciation, disposals, transfers and the addition of approved capex
- The FY2016 and FY2017 Rollforward RABs were approved by the QCA on 29 May 2019. Accordingly, the full impact of the rollforwards was not accounted for in the UT5 Final Decision. The impact will be incorporated into allowable revenues and reference tariffs during FY2020
- The approximate value of the RAB rollforward at 1 July 2019 is $5.7bn. This excludes $0.4bn of AFDs

PRICING RAB

- This is the RAB value that is used to calculate the return on capital in the undertaking and determine Reference Tariffs for coal carrying Train Services
- The Pricing RAB is the Rollforward RAB less any assets that have been allocated for utilisation by non-coal traffic or deferred as part of a regulatory undertaking. For example, UT5 ceased the deferral of WIRP capital expenditure which totaled ~$260m
- The approximate value of the Pricing RAB at 1 July 2019 is $5.5bn. This excludes $0.4bn of AFDs

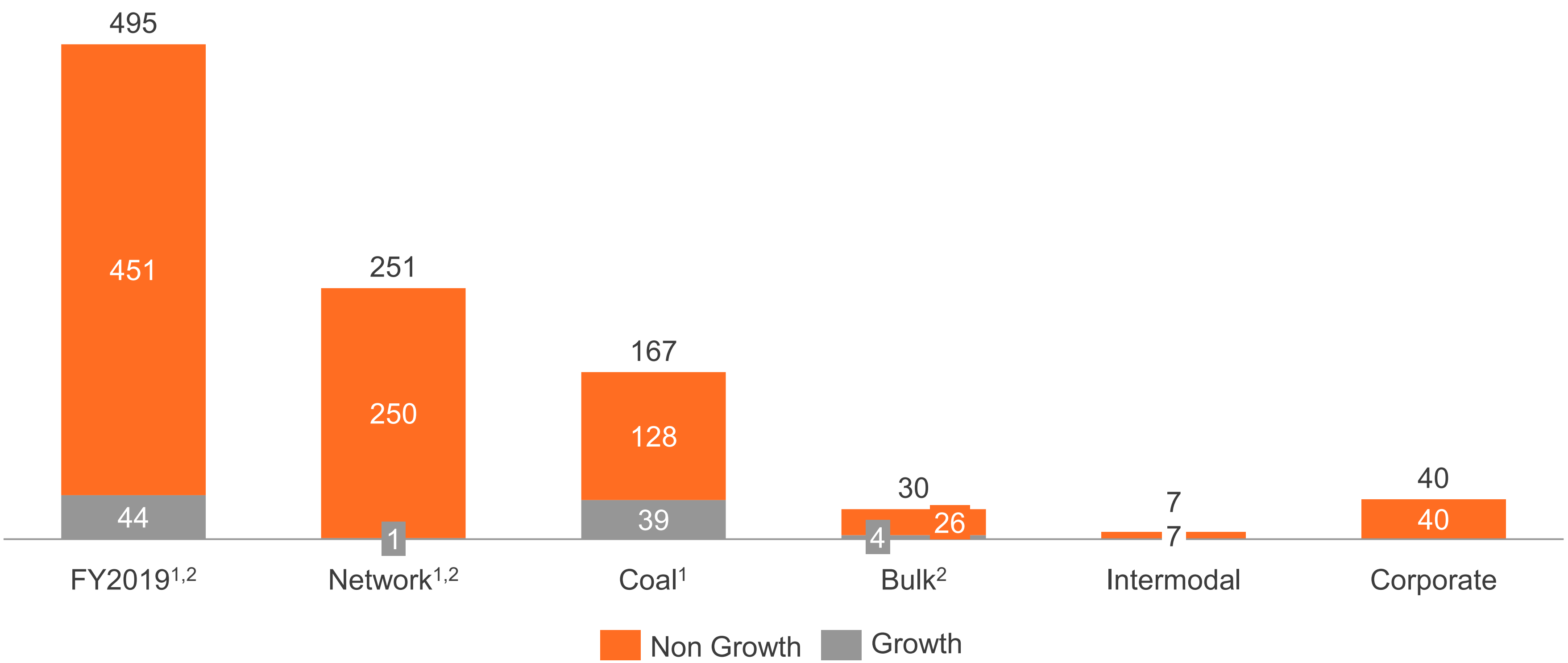
DEFERRED ASSETS

This represents the value of assets that are not included in the pricing RAB. The approximate value at 1 July 2019 is $0.2bn

Additional Information

Capital Expenditure

FY2019 group and business unit capital expenditure ($m)



1. Includes capitalised interest
2. Net of externally funded payments

Glossary

Metric	Description
Access Revenue	Amounts received by Aurizon Network for access to the Network infrastructure under all Access Agreements
AFD	Access Facilitation Deed
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
Footplate hours	A measure of train crew productivity
Free cash flow (FCF)	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
FWC	Fair Work Commission
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 costs associated with traction, telecommunication, ballast and undercutting, rail renewals, flood repairs and derailments
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
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
PIA	Protected Industrial Action
QCA	Queensland Competition Authority
Report Date	Date on which the later of the following events occur: - Independent Expert provides Initial Capacity Assessment Report (ICAR) - Aurizon notifies relevant parties of proposed options to address Existing Capacity Deficits identified in the ICAR Where the ICAR does not identify any Existing Capacity Deficits the Report Date is the date on which the Independent Expert approves the ICAR
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)
TCFD	Task Force on Climate related Financial Disclosures
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
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