Aurizon FY2023 Results

14 August 2023

Photo: Aurizon Containerised Freight train at Jaurdi, Western Australia. Photo taken by Blake Jones, Aurizon Tutor Driver

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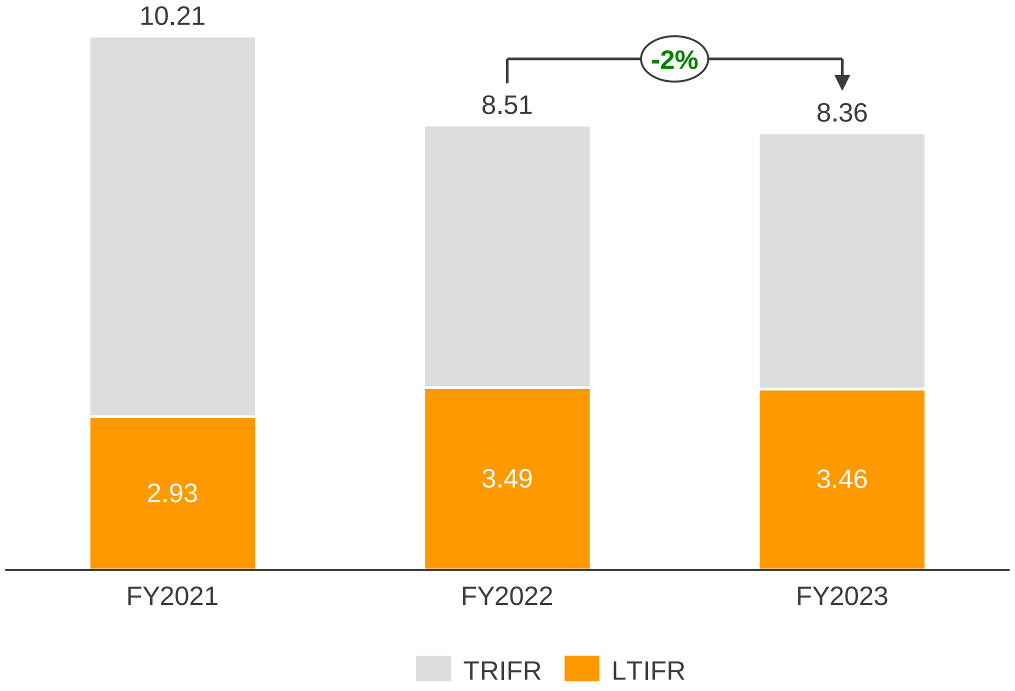
Safety performance

Improvement across all safety measures, including a significant reduction in the (actual and potential) serious injury and fatality frequency rate

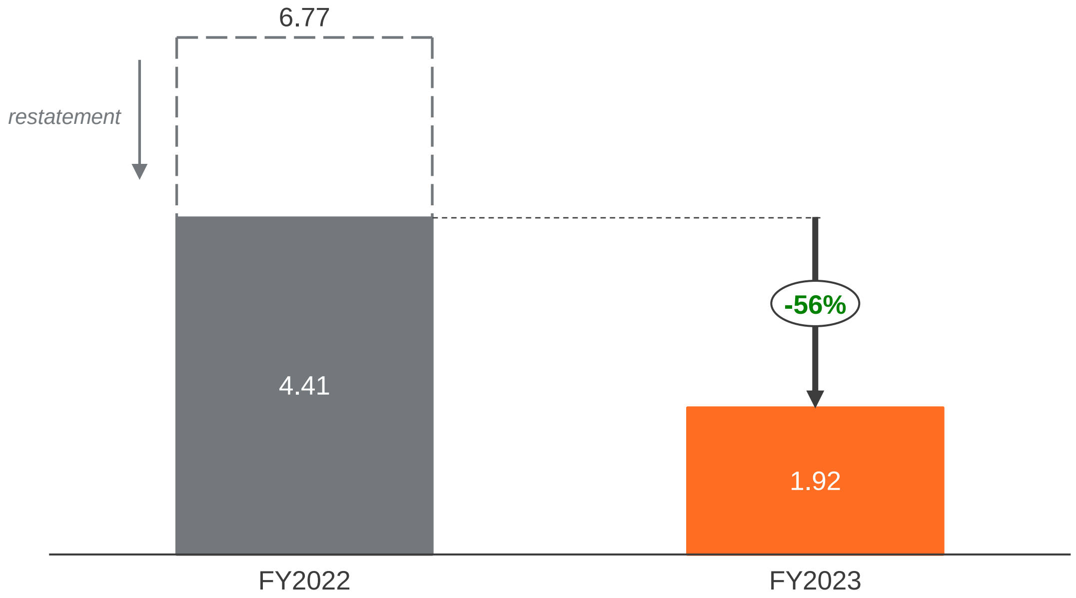
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1] AND LOST TIME INJURY FREQUENCY RATE (LTIFR)

Incidents per million hours worked



ACTUAL AND POTENTIAL SERIOUS INJURY AND FATALITY FREQUENCY RATE (SIFRa+p)[2]

Incidents per million hours worked



Bulk Central is <u>excluded</u> from the above. Data to be included in FY2024

1. *Total Recordable Injury Frequency Rate (TRIFR) is the number of instances (per million hours worked) of Lost Time Injuries, medical treatment injuries and restricted work injuries sustained by employees and contractors. LTIFR is the number of instances of Lost Time Injuries (per million hours worked). FY2022 LTIFR restated (from 3.38) due to an incident at the close of the financial year*
2. *Potential Serious Injury and Fatality Frequency Rate (SIFRa+p) measures the number of incidents that had the potential to cause, or did cause, serious injury or fatality. The result is expressed per million hours worked*

Introduction & Overview

Andrew Harding
Managing Director & CEO

Photo: Containerised Freight train ahead of the launch of the second weekly Melbourne to Perth service

Key messages from July 2023 Investor Day

Australia's leading integrated rail provider
5,130km track infrastructure; ~700 locomotives; ~15,000 wagons; over 5,000 employees

Network and Coal businesses are resilient, generating attractive free cash flow

Consistently returned capital to shareholders, with $5 billion returned since FY2016

Updated Bulk aspiration
Aspiration to achieve a 25-30% market share of an estimated $1.7 billion addressable bulk (EBITDA) market at FY2030[1]

Greater market share and operational synergies unlocked from One Rail Australia acquisition

Significant exposure to new economy commodities

Containerised Freight aspiration including a national land-bridging solution
FY2030: >500 thousand TEU annual volume[1]

Focus on safe and efficient services as Containerised Freight schedule ramps up

Darwin's proximity to Asia combined with Aurizon's existing assets make it a logical land-bridging opportunity

1. *Please refer to slides 2 and 3 of Aurizon's 2023 Investor Day presentation (available at aurizon.com.au) for important cautionary language in respect of 'aspirational statements'. As noted in those slides, market share opportunities assume Aurizon secures part of an available range of organic and inorganic growth. There is a risk that Aurizon does not secure the assumed part or any of the available market growth. Containerised Freight (TEU) aspiration includes National Interstate, Land-bridging and Bulk Central. Bulk (EBITDA) aspiration includes Bulk Central containerised freight*

Strategic aims

Resilient Network and Coal businesses continue to support aspirations for Bulk and the establishment of a nationally significant containerised freight supply chain

Resilient Coal and Network businesses

Highly disciplined businesses, supporting Aurizon's diversified portfolio

Drive Bulk growth across national footprint

Our aspiration to achieve

25-30%

share of an estimated addressable bulk (EBITDA) market of

~$1.7 billion

at FY2030[1]

Establish nationally significant containerised freight supply chain

Our aspiration to achieve

>500k TEU

annual volumes at FY2030[1]

Equivalent to <10% of the current road+rail market[2]; or ~3% of the road+rail plus throughput at major Australian ports[3]

EBITDA margin target[1]

20-30%

ENTERPRISE

Diversified business units providing stable and through-cycle cash flows

Capital efficiency to support shareholder returns and accretive growth

Improve supply chains to support robust long-term demand for key commodities

Growth in Bulk and Containerised Freight reduces thermal coal revenue exposure to 10-20% at 2030[4]

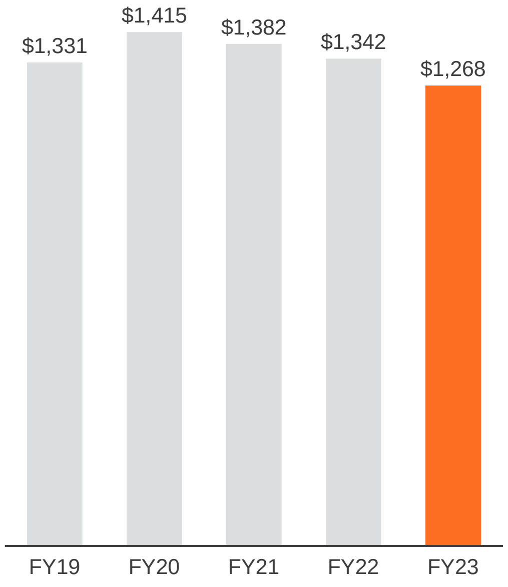
1. *Please refer to slides 2 and 3 of Aurizon's 2023 Investor Day presentation (available at aurizon.com.au) for important cautionary language in respect of 'aspirational statements'. As noted in those slides, market share opportunities assume Aurizon secures part of an available range of organic and inorganic growth. There is a risk that Aurizon does not secure the assumed part or any of the available market growth. Containerised Freight (TEU) aspiration includes National Interstate, Land-bridging and Bulk Central. Bulk (EBITDA) aspiration includes Bulk Central containerised freight*
2. *Bureau of Infrastructure, Transport and Regional Economics (Trainline 7), Aurizon analysis*
3. *Total annual TEU throughput of Australia's five international container ports (2021-22), Australian Competition and Consumer Commission, Container stevedoring monitoring report 2021–22*
4. *Revenue is the sum of the Coal (excluding all track access), Bulk (net of track access expense) and Containerised Freight business units and excludes the Network business unit. Coal revenue allocated (metallurgical/thermal) based on estimated volume split*

Progress against strategic aims[1]

Growth in Bulk and Containerised Freight (and resilient Coal and Network businesses) shows continued progress against our strategic aims

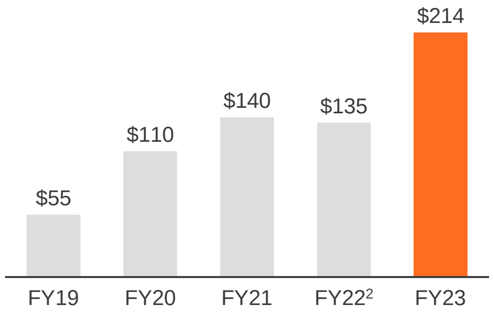
Resilient Coal and Network businesses

Coal plus Network EBITDA ($m)



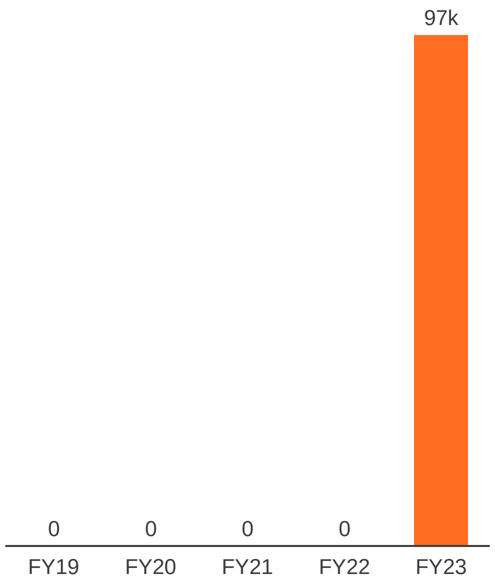
Drive Bulk growth across national footprint

Bulk EBITDA ($m)



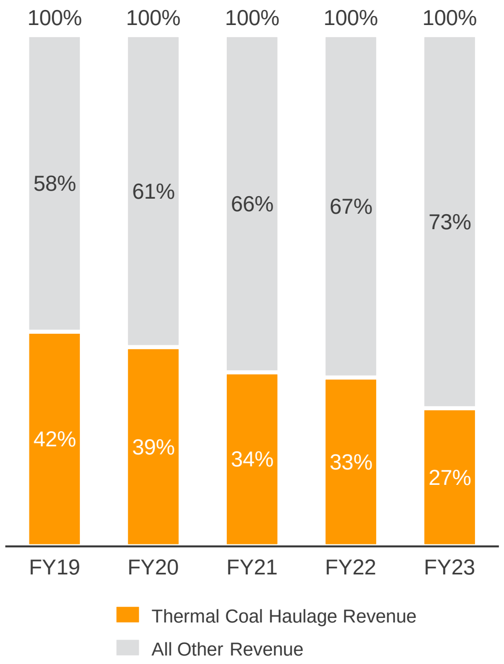
Establish nationally significant containerised freight supply chain

TEUs[3]



Growth in Bulk and Containerised Freight reduces thermal coal revenue exposure

Non-Network Revenue[4]



1. *Aurizon Investor Day (July 2023) presentation available on Aurizon website including important statements about the future and scenario analysis targets*
2. *The Bulk and Other segments for FY2022 have been restated for consistency with current year presentation.*
3. *Includes both Central Corridor (Bulk) and National Interstate (Other) and does not include Queensland hook-and-pull services*
4. *Revenue is the sum of the Coal (excluding all track access) and Bulk (net of track access expense) business units and excludes the Network business unit. Coal revenue allocated (metallurgical/thermal) based on estimated volume split*

FY2023 Results[1]

EBITDA within the revised guidance (and down 3% on prior year), with lower coal volumes and earnings being partially offset by Bulk growth including the One Rail Australia acquisition

EBITDA
$1,428m
down 3%

ONE RAIL
Bulk acquisition (and East Coast Rail divestment)
complete

ROIC[2]
7.5%
down 2.8ppts

FREE CASH FLOW[3]
(EXCLUDES GROWTH CAPEX)
$297m
down 61%

COAL VOLUMES
185.0m
down 5%

BULK VOLUMES
68.2m
up 34%

BULK: REVENUE SHARE[4]
(EXCLUDES NETWORK BUSINESS UNIT)
45%
up 11ppts

DIVIDEND
Total 15.0cps
down 30%
Final 8.0 cents[5]
down 27%

1. *All amounts are underlying and on a continuing basis unless otherwise stated. Comparisons are against FY2022*
2. *Excludes assets held for sale*
3. *Free Cash Flow defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes the acquisition of One Rail Australia ($1,404m), cash costs associated with the acquisition ($49m pre-tax) and purchase of an additional investment in Ox Mountain ($30m)*
4. *Revenue is the sum of the Coal (excluding all track access) and Bulk (net of track access expense) business units and excludes the Network business unit*
5. *Represents a payout ratio of 75%. Dividend: 60% franked, ex dividend: 28 August 2023, record date:29 August 2023, payment date: 27 September 2023*

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Business Units

Elevated contracting activity is driving future volume growth across Coal and Bulk. Final Network UT5 WACC of 8.51% submitted to the regulator[1]

Coal

Lower volumes from the impact of prolonged wet weather and (non-pass through) access take-or-pay driving lower EBITDA

Volumes, revenue yield and EBITDA growth expected in FY2024

- 10-year contract with Malabar for the Maxwell Underground Mine in the Hunter Valley. First coal hauled in June 2023
- 5-year contract with New Wilkie energy for the New Wilkie Mine in Southeast Queensland to commence in FY2024
- 5-year contract (signed in August 2023) with SIMEC Mining for the Tahmoor Mine in the Illawarra coal region, to commence in Q1FY2024.
- BMA Rail maintenance commenced July 2023
- First coal for Pembroke Olive Downs expected in FY2024

Bulk

Step-up in EBITDA driven by Bulk Central partly offset by wet weather, supply chain disruptions and customer specific production issues

Significant contract activity (with contract term of up to six years) contributing to higher volumes and EBITDA in FY2024

- Northparkes – contract for the port services of copper concentrate in NSW
- Aurelia Peak – contract for road, rail and stevedoring of base metals in NSW
- IPL - contract for road, rail and stevedoring of sulphur in QLD
- Chinova – contract for road, rail and stevedoring of copper concentrate in QLD
- Seaway – contract for rail of grain & cotton in QLD
- Centrex – contract for road, rail and stevedoring of phosphate rock in north QLD
- Aeris Resources – contract for road, rail and stevedoring for base metals in NSW
- Contract extensions: Graincorp (grain, QLD), Thallon (grain, QLD), Cargill (grain, QLD), BHP: Copper South Australia (copper, SA), SIMEC (iron ore, SA), AOL (iron ore, SA), Woolworths (containerised freight, SA/NT), BP (fuel, WA)

Network

Network volumes were below the regulatory forecast resulting in an under-recovery of allowable revenue, triggering regulatory revenue protection mechanisms. When combined with a WIRP termination fee, Network EBITDA was 1% higher.

EBITDA growth expected in FY2024 driven by a $125m increase in the (regulated) Maximum Allowable Revenue

- Network volumes were below the regulatory forecast by 19mt, driven by prolonged wet weather
- Take-or-pay revenue of $76m (excluding GAPE) booked for FY2023
- WIRP Fees were lower due to the prior year including historical fees relating to FY2016-FY2021, partially offset by a $19m termination fee included in FY2023
- Electric traction charges doubled (offset in Access Revenue) due to higher wholesale energy prices and higher connection costs
- FY2024 tariffs are based on the preliminary WACC (8.18%) and an approved regulatory volume forecast of 207.8 million tonnes
- Final Reset WACC of 8.51% submitted to Queensland Competition Authority on 31 July 2023[1]

Containerised Freight: First weekly service began in April 2023 with a second weekly service operating from July 2023. *Focus on ramping up to full schedule of seven weekly services (~200k TEUs per annum) by April 2024. Railing (spot) for a second customer has commenced. EBITDA reported within the Other segment and is expected to be EBITDA neutral in FY2024*

1. *Network's final Reset Values submission proposed a final reset WACC of 8.51% based on a risk-free rate of 3.87% and a debt risk premium of 2.48%. Network is providing additional information to the Queensland Competition Authority in support of its submission prior to it being published. Network's proposed final Reset Values remain subject to approval by the QCA, following a period of stakeholder consultation. See Slide 47 for more information*

Financial Performance

George Lippiatt
CFO & Group Executive Strategy

Photo: Containerised Freight train at Stuart, Queensland

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Key financial results[1]

Despite an improved second half, full year EBITDA down 3%, while recent investments resulted in higher depreciation and interest costs

$m	1H	2H	FY2023	FY2022	Variance (%)
Revenue	*1,694*	*1,817*	3,511	3,075	14%
Operating Costs (Total)	*(1,021)*	*(1,062)*	(2,083)	(1,608)	(30%)
Energy & Fuel	*(236)*	*(202)*	*(438)*	*(255)*	*(72%)*
EBITDA	*673*	*755*	1,428	1,467	(3%)
Statutory EBITDA[2]	*626*	*753*	*1,379*	*1,453*	*(5%)*
Depreciation & Amortisation	*(328)*	*(338)*	(666)	(592)	(13%)
EBIT	*345*	*417*	762	875	(13%)
Net Finance Costs	(102)	(128)	(230)	(125)	(84%)
NPAT	*169*	*198*	367	525	(30%)
Statutory NPAT[2]	*130*	*194*	324	*513*	*(37%)*
EPS	*9.2c*	*10.8c*	19.9c	28.5c	(30%)
Statutory EPS	*7.1c*	*10.5c*	*17.6c*	*27.9c*	*(37%)*
EBITDA Margin	*39.7%*	*41.6%*	40.7%	47.7%	(7.0ppt)
ROIC	*8.5%*	*7.5%*	7.5%	10.3%	(2.8ppt)
Dividend per share	7.0	8.0	15.0	21.4	(30%)
Free Cash Flow[3]	*95*	*202*	297	765	(61%)

- Revenue growth primarily driven by the acquisition of One Rail Australia (Bulk Central) completed July 2022, and a minor increase to Network Allowable Revenue, offsetting lower Coal volumes
- Total operating costs increased by 30%, primarily due to the inclusion of Bulk Central, higher fuel and energy costs (largely pass-through costs), and includes a $15m long-service leave provision adjustment
- Depreciation increased by $74m driven by inclusion of Bulk Central and recent Bulk and Containerised Freight equipment purchases
- Net finance costs increased to $230m with higher interest costs and debt levels supporting Bulk and Containerised Freight growth
- Significant items – $49m pre-tax acquisition costs for One Rail Australia
- Final dividend based on 75% of underlying NPAT
- Free cash flow[3] impacted by higher capex and interest costs. FY2024 free cash flow is expected to improve through higher earnings, lower cash tax and working capital

1. All amounts are underlying and on a continuing basis unless otherwise stated. Due to rounding, the sum of components may not equal the corresponding total.
2. Statutory EBITDA and NPAT includes acquisition costs for One Rail Australia ($49m pre-tax, $43m post-tax)
3. Free Cash Flow defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes the acquisition of One Rail Australia ($1,404m), cash costs associated with the acquisition ($49m pre-tax) and purchase of an additional investment in Ox Mountain ($30m)

Coal

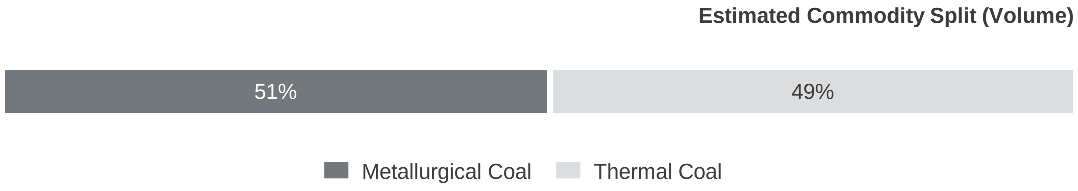
Lower volumes from the impact of prolonged wet weather and (non-pass through) access take-or-pay driving lower EBITDA

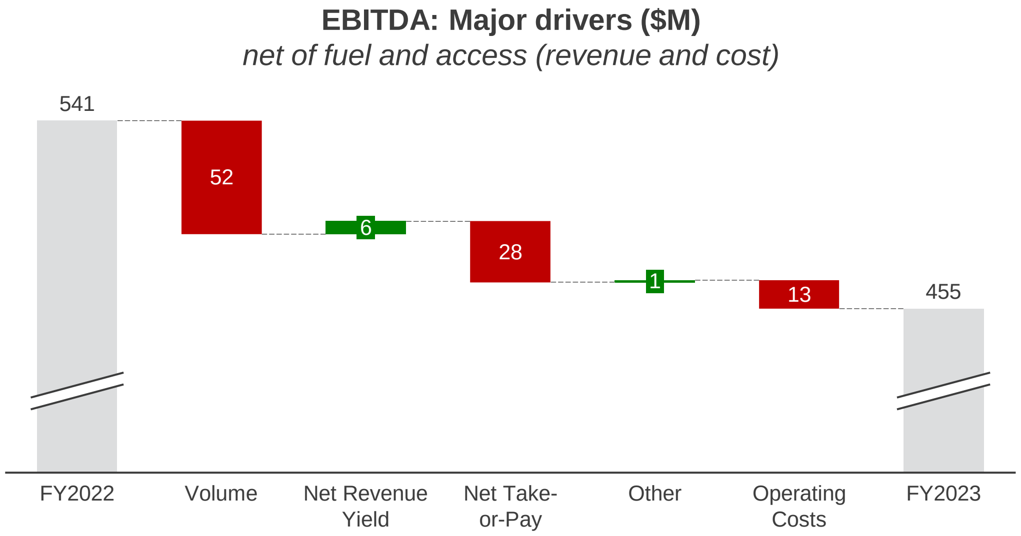
Revenue[1]
$1,181m
(2%)

Operating costs[2]
($726m)
(10%)

EBITDA
$455m
(16%)

Tonnes hauled
185.0m
(5%)





- EBITDA decreased to $455m due to 5% reduction in volumes, (non-pass through) access take-or-pay and higher operating costs
- Freight rates (ex fuel) increased due to contract escalation, partly offset by the end of two high yielding contracts in prior year and impact of a contract rollover negotiated several years ago
- Operating costs increased due to wage and materials escalation impacting traincrew and maintenance costs

1. *Excluding Access Revenue*
2. *Includes net Access cost*

Note: Due to rounding, the sum of components may not equal the corresponding total

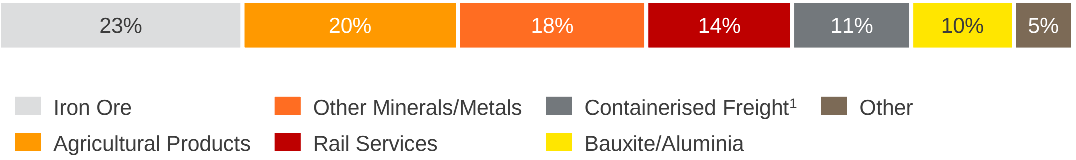
Bulk

Step-up in EBITDA driven by the acquisition of One Rail Australia, partially offset by weather, supply chain disruptions and customer specific production issues

Total Revenue	Operating Costs
$1,063m	($849m)
+52%	(50%)

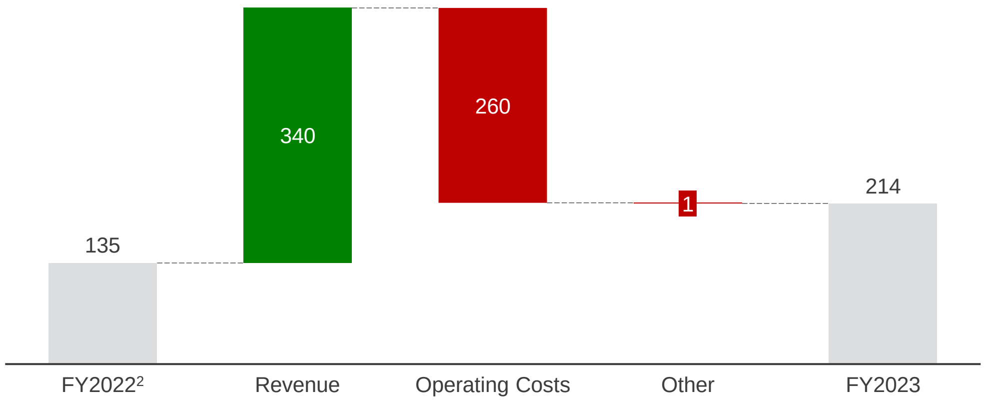
EBITDA	Rail Tonnes Hauled
$214m	68.2m
+59%	+34%

Estimated Business Unit Split (Revenue excluding external access)



EBITDA: Major drivers ($M)

net of fuel and external access (revenue and cost)



- EBITDA increased by $79m to $214m due to acquisition of One Rail Australia on 29 July 2022, as well as higher iron ore and grain volumes in WA
- Bulk East volumes increased mainly due to stronger grain volumes in NSW and QLD, offset by wet weather, several derailments and customer specific production issues
- Operating costs increase reflects additional volumes and wage and materials escalation

1. Containerised Freight is Central Corridor (and Queensland Hook-and-Pull) and does not include National Interstate (Other business segment)
2. The Bulk and Other segments for FY2022 have been restated for consistency with current year presentation
Note: Due to rounding, the sum of components may not equal the corresponding total

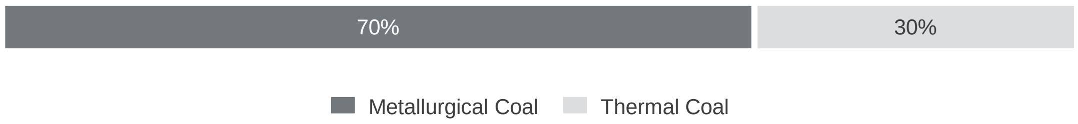
Network

Volumes were below the regulatory forecast resulting in a revenue under-recovery triggering regulatory revenue protection mechanisms

Total Revenue	Operating Costs
$1,337m	($524m)
+12%	(34%)

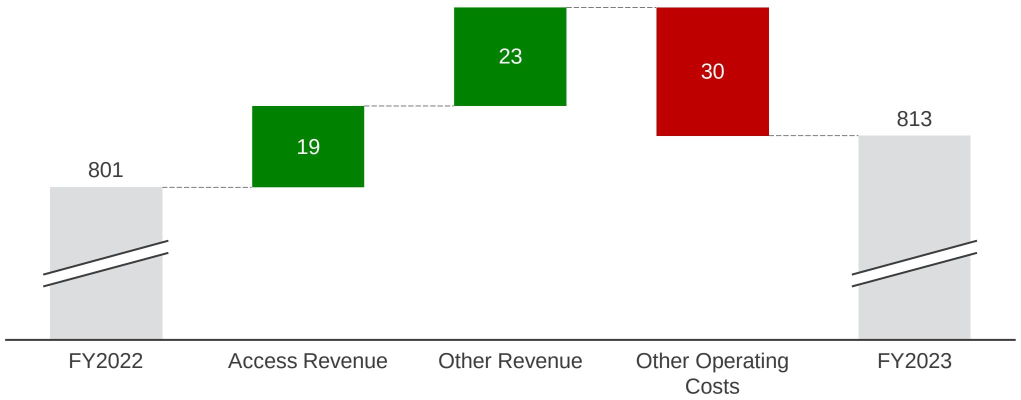
EBITDA	Tonnes
$813m	207.6m
+1%	+1%

Estimated Commodity Split (Volume)



EBITDA: Major drivers ($M)

net of fuel and energy/electric charges (revenue and cost)



- Network volumes were below the regulatory forecast (by 19mt) resulting in an under-recovery of allowable revenue ($97m). Take-or-pay revenue (excluding GAPE) of $76m booked for FY2023
- WIRP Fees were lower due to the prior year including historical fees, partially offset by a $19m termination fee included in FY2023
- Operating costs increased driven by electric traction charges doubling (offset in revenue), external construction costs (offset in revenue), higher energy connection costs and higher maintenance costs
- Maximum Allowable Revenue (excluding GAPE) to increase by $125m in FY2024 and a further $35m in FY2025[1] (excluding the FY2023 revenue cap)

1. *Based on Network's final Reset Values submission including a final reset WACC of 8.51% using on a risk-free rate of 3.87% and a debt risk premium of 2.48%. Network is providing additional information to the Queensland Competition Authority in support of its submission prior to it being published. Network's proposed final Reset Values remain subject to approval by the QCA, following a period of stakeholder consultation. See Slide 47 for more information*

Note: Due to rounding, the sum of components may not equal the corresponding total

Free Cash Flow

FY2023 was impacted by higher capex and interest costs. FY2024 free cash flow is expected to improve through higher earnings, lower cash tax and improved working capital

FREE CASH FLOW ($M)[1]

FY24

Free cash flow expected to be materially higher driven by:

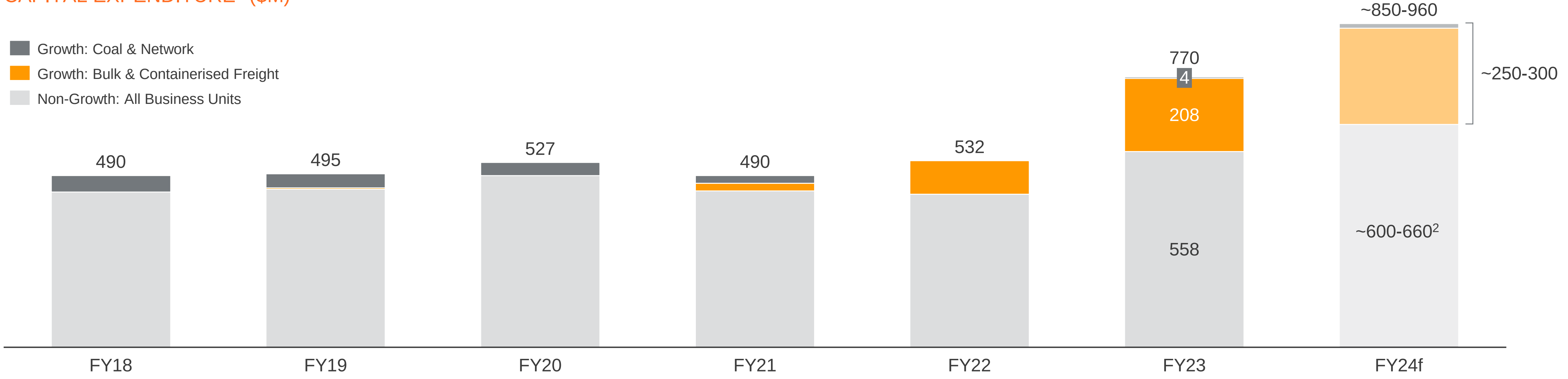
- Higher earnings
- Lower cash taxes
- Collection of Network take-or-pay

1. *Free Cash Flow defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes the acquisition of One Rail Australia ($1,404m), cash costs associated with the acquisition ($49m pre-tax) and purchase of an additional investment in Ox Mountain ($30m)*

Capex

Majority of sustaining capital continues to be for regulated Network business, while growth capital now predominantly for Bulk and Containerised Freight

CAPITAL EXPENDITURE[1] ($M)



	Network[3]	Coal	Bulk & Containerised Freight	Corporate	Total[4]
Non-Growth	331	114	90	23	**558**
Growth	0	4	208	0	**212**
Total	**331**	**118**	**298**	**23**	**770**

1. *Excluding any M&A activity*
2. *Includes ~$40m of transformational project capital*
3. *Net of externally funded payments*
4. *Includes capitalised interest and capital accruals*

Growth Capital: Key Projects

Growth capital is predominantly for equipment that can be used across multiple geographies, freight and commodity types

	FY2023 *Actual*	FY2024 *Expected*
Rolling Stock *Standard Gauge Locomotives & Wagons (and Containers)*	$128m	~$185m
Port and Terminal Equipment	$21m	~$40m
Terminal Land and Infrastructure	$29m	~$30m
Track Infrastructure and Other	$34m	~$30m
Total Growth Capital[1]	**$212m**	**$250m-$300m**

Investor Day (July 2023)

Around $425m of growth capital is expected to be initially allocated to Containerised Freight (including stage one of land-bridging)[2]. Growth capex (across all business units) beyond this is likely dependent on new contracts or the successful delivery of Containerised Freight earnings

1. *Excluding any M&A activity*
2. *Containerised Freight (including stage one of land-bridging) capex (~$425m) is made up of spend to-date, FY2024 expected capex and ~$100m in FY2025*

Funding update

Debt increased to fund One Rail Australia acquisition and equipment capex. Bank refinancings and capital market issuances during 2HFY2023 highlight support for Aurizon

FUNDING ACTIVITY

Aurizon Network

- $100m across 10-year and 12-year A$ Private Placement issued in December 2022 and February 2023
- $1,090m re-financing of existing bilateral bank debt facilities completed in January 2023 with maturities lengthened across FY2026 to FY2028
- $306m of US Private Placement Notes issued in June 2023 across tenors of 10 & 12 years – debut issuance

Aurizon Operations

- $465m re-financing of existing bilateral debt facilities completed in June 2023 with maturities lengthened to FY2027
- $503m of US Private Placement Notes issued in July 2023 across tenors of 7, 10, 11 & 12 years, with funds used to repay debt sourced as part of the One Rail Australia acquisition – debut issuance

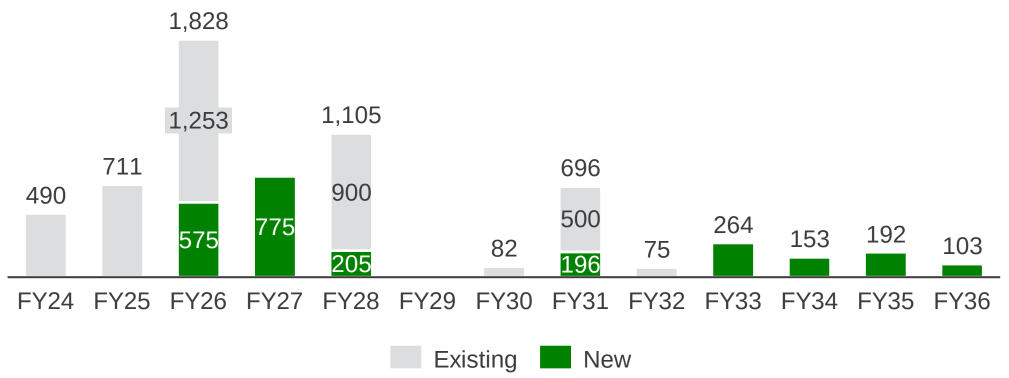
Interest Cost Outlook

- FY2024 group interest cost expected at ~$300m, driven by higher interest rates. Final cost dependant on timing of cash receipts and debt refinancings
- Aligned with WACC reset, Network debt almost entirely fixed for remainder of UT5 (June 2027)

KEY DEBT METRICS[1]	FY2023	FY2022
Weighted average maturity[1]	3.6 years	3.4 years
Group interest cost on drawn debt	4.1%	3.4%
Group Gearing[2]	53.7%	40.9%
Network Gearing[3] (excl AFD[4])	63.8%	53.7%
Operations & Network Credit Ratings	BBB+/Baa1[5]	BBB+/Baa1[5]

DEBT MATURITY PROFILE AS AT 31 JULY 2023[6] ($M)

includes undrawn amounts



1. *Calculated on drawn debt, excluding working capital facility. As at 30 June 2023*
2. *Group Gearing – net debt / (net debt plus equity)*
3. *Network Gearing - net debt / Regulatory Asset Base (RAB)*
4. *Access Facilitation Deed*
5. *S&P/Moody's*
6. *As at 31 July 2023, excluding working capital facilities*

Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO

Photo: Aurizon train carrying minerals sands for Tronox at Lake Hart Rest Area, South Australia

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Outlook

FY2024 EBITDA expected to be $1,590m - $1,680m

FY2024:

- **Group underlying EBITDA expected to be in the range of $1,590m - $1,680m**
- Sustaining capex expected to be $600-$660m (including ~$40m of transformational project capital)
- Growth capex expected to be $250-$300m

Key assumptions

- **Network:** revenue and EBITDA growth driven by a $125m increase in the (regulated) Maximum Allowable Revenue. Volumes are assumed at the approved regulatory forecast of 207.8 million tonnes
- **Coal:** revenue and EBITDA growth with volumes expected to be higher than FY2023 (and revenue yield improvement)
- **Bulk:** revenue and EBITDA growth with volumes expected to be higher than FY2023 and the full year inclusion of Bulk Central (and full realisation of targeted synergies)
- **Other:** Containerised Freight expected to be broadly EBITDA neutral as national interstate services ramp up to full schedule by April 2024
- No significant disruptions to supply chains (such as major derailments or extreme/prolonged wet weather)

Key Messages

Network and Coal businesses are resilient, generating attractive free cash flow

Consistently returned capital to shareholders, with $5 billion returned since FY2016

Greater market share and operational synergies unlocked from One Rail Australia acquisition

Significant exposure to new economy commodities

Focus on safe and efficient services as Containerised Freight schedule ramps up

Darwin's proximity to Asia combined with Aurizon's existing assets make it a logical land-bridging opportunity

Photo: Hayden Young, Hayleigh Hess and Cameron Reis, Trainee Train Drivers, Toowoomba (Queensland)

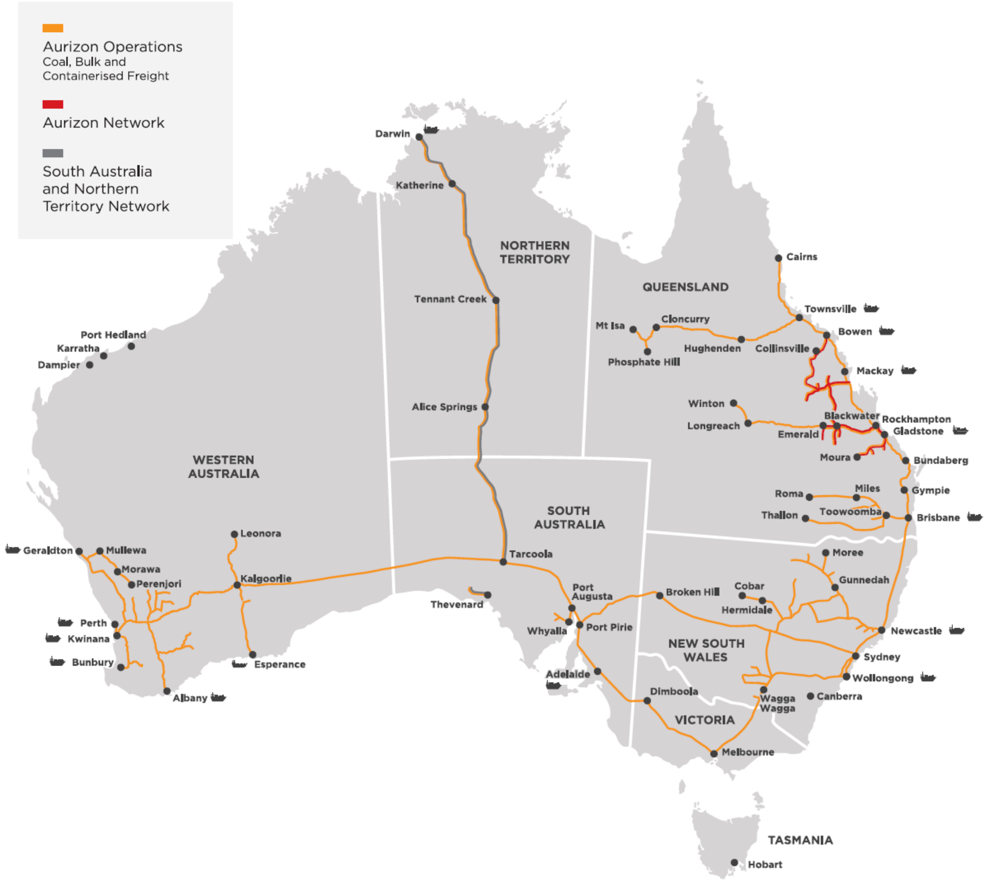
Appendix

AURIZON

Photo: Dan Quast, Wagon Maintainer, Jilalan (Queensland)

About Aurizon

Aurizon's operational footprint covers mainland Australia, with over 5,000km of track infrastructure and the largest fleet of locomotives and wagons



Network

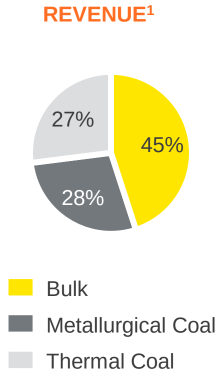
- Operation of the Central Queensland Coal Network (2,670km), critical infrastructure supporting ~90% of Australian metallurgical coal export volume
- Around 70% of volume hauled across the network is considered to be metallurgical coal (remaining 30% thermal coal), with demand linked to Asian steel production

Coal

- Largest hauler of metallurgical coal in Australia and only rail operator with services to all nine coal export terminals on East Coast
- Coal demand linked to Asian steel production and energy generation

Bulk

- Rail, road and port services operating in Queensland, Western Australia, South Australia, Northern Territory and New South Wales
- Commodities hauled linked with economic growth and minerals associated with new economy markets and food consumption
- Integrated rail business with 2,460km of track infrastructure in Central Australia



Containerised Freight

- National linehaul network connecting Perth, Adelaide, Melbourne, Sydney and Brisbane, transporting critical freight
- Announced initial capacity of ~200,000 TEUs with full schedule from April 2024

1. *Revenue (FY2023) is the sum of the Coal (excluding all track access) and Bulk (net of track access expense) business units and excludes the Network business unit. Coal revenue allocated (metallurgical/thermal) based on estimated volume split*

Capital allocation framework

Determine Available Capital

- Ongoing operating cash flows
- Additional funding capacity available:
  - Network: BBB+/Baa1
  - Operations: BBB+/Baa1

Capital Allocation Hierarchy

Non-Growth Capital

- Sustaining and transformation projects

Dividends

- Within 70-100% payout ratio

Capital Management

- Opportunities if there is surplus capital

or

Growth Capital

- Growth projects and M&A – only where it maximises shareholder value

Our ESG contribution

Aurizon continues to build a stronger and sustainable business

NET-ZERO COMMITMENT BY 2050[1]…

- Climate Strategy and Action Plan released in October 2020
- Continued advocacy for rail in the transition to a low-carbon economy
- Minimising emissions:
  - Reducing locomotive diesel and coal dust emissions
  - Trialling low-emissions fleet technology
- Avoiding or offsetting impacts on native biodiversity

…WHILE WE SUPPORT OUR REGIONS AND COMMUNITIES…

- Third Reconciliation Action Plan published in March 2022
- Over 540 initiatives supported through Community Giving Fund
- Founding member of Regional Australia Council 2031
- Partnerships: Queensland Firebirds, Orange Sky, CareerTrackers, Clontarf Foundation and The WattleNest

…AND LEAD THROUGH TRANSPARENT GOVERNANCE

- Board provides sustainability oversight and direction
- Code of Conduct linked to our values: Safety, People, Integrity, Customer and Excellence
- Scenario analysis considers climate-related transition risks
- Modern Slavery Statements published

Sustainability disclosures

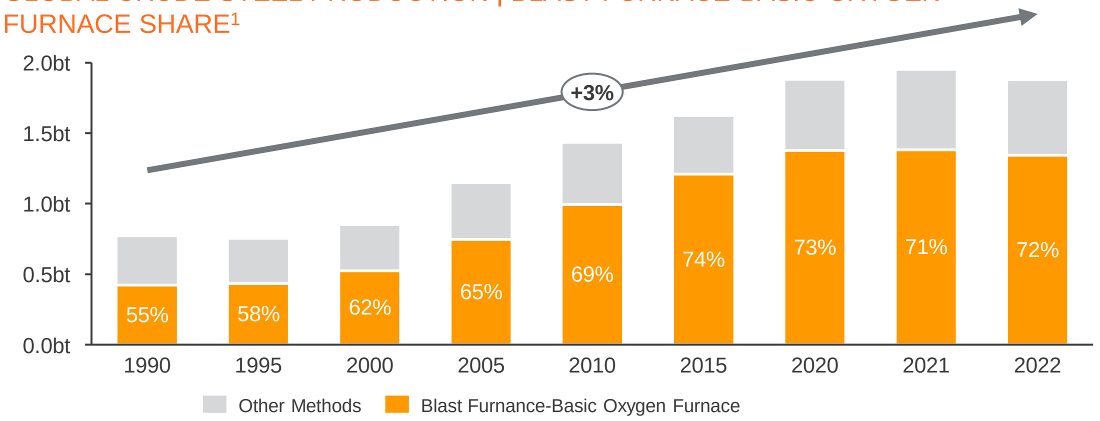
- Ninth annual Sustainability Report released in October 2022
- Received highest rating for ESG reporting by ACSI for eighth consecutive year[2]
- Reported against TCFD[3] since 2017

1. For more information on risks relating to decarbonisation, refer to the risk section of the Directors' Report in the FY2023 Annual Report and the annual Sustainability Report
2. Australian Council of Superannuation Investors: ESG Reporting Trends – A detailed assessment of ESG reporting in ASX200 companies (June 2022)
3. Task Force on Climate-related Financial Disclosures. See annual Sustainability Report available on Aurizon website.

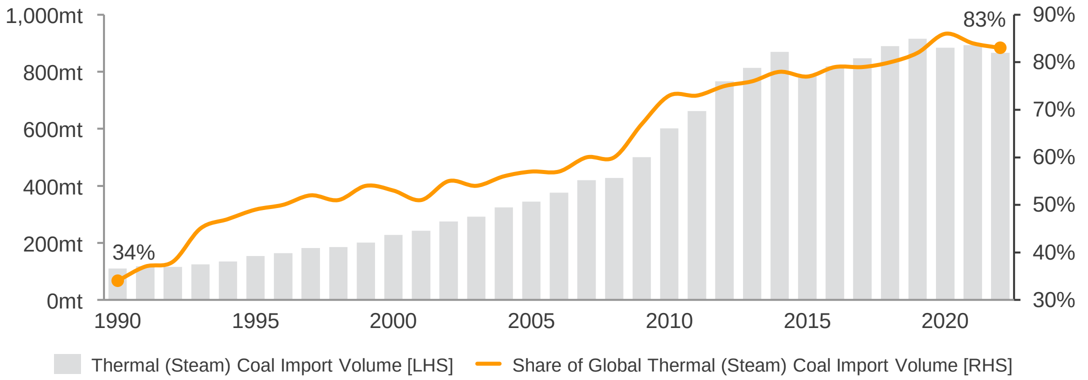
Coal markets

The metallurgical coal-dependent method makes up over two-thirds of global steel production. Thermal coal market is dominated by Asian trade, backed by young electric generation fleet

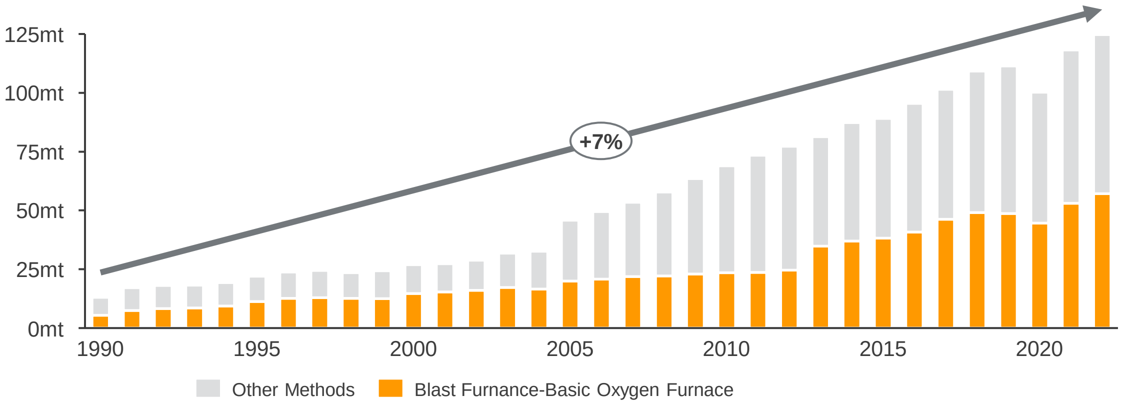
GLOBAL CRUDE STEEL PRODUCTION | BLAST FURNACE-BASIC OXYGEN FURNACE SHARE[1]



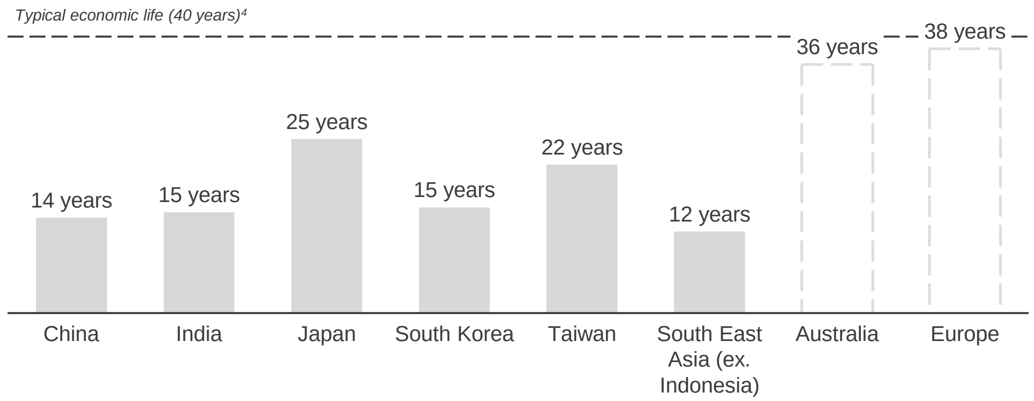
ASIA: THERMAL (STEAM) COAL IMPORT VOLUME | SHARE OF GLOBAL THERMAL (STEAM) COAL IMPORT MARKET[2]



INDIA: CRUDE STEEL PRODUCTION (BY METHOD)[1]



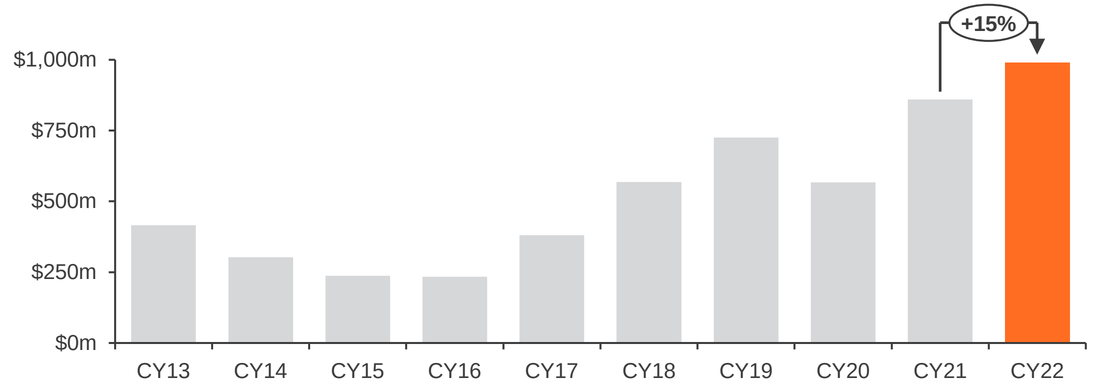
AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY[3]



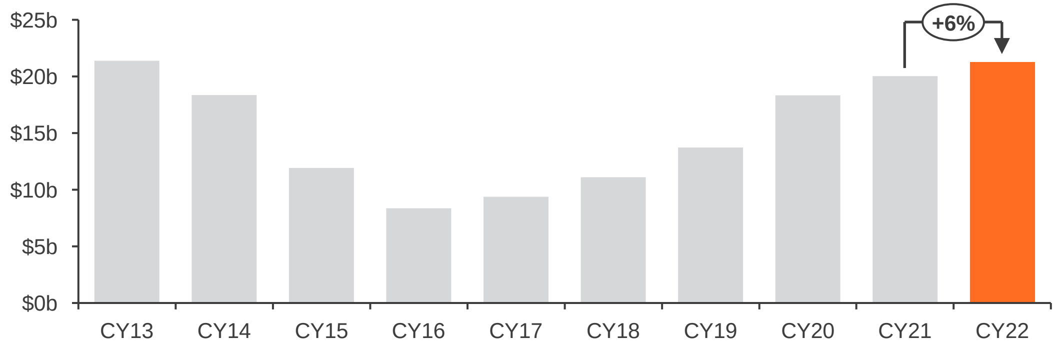
1. World Steel Association
2. International Energy Agency, Coal Information (July 2023). Thermal (Steam) Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal
3. S&P Global Market Intelligence World Electric Power Plants Database (March 2023) as at 2023, capacity weighted. Countries ordered by absolute capacity (left to right), followed by South East Asia. Australia and Europe added for reference only
4. International Energy Agency, World Energy Investment 2018

Bulk: Australia supply indicators

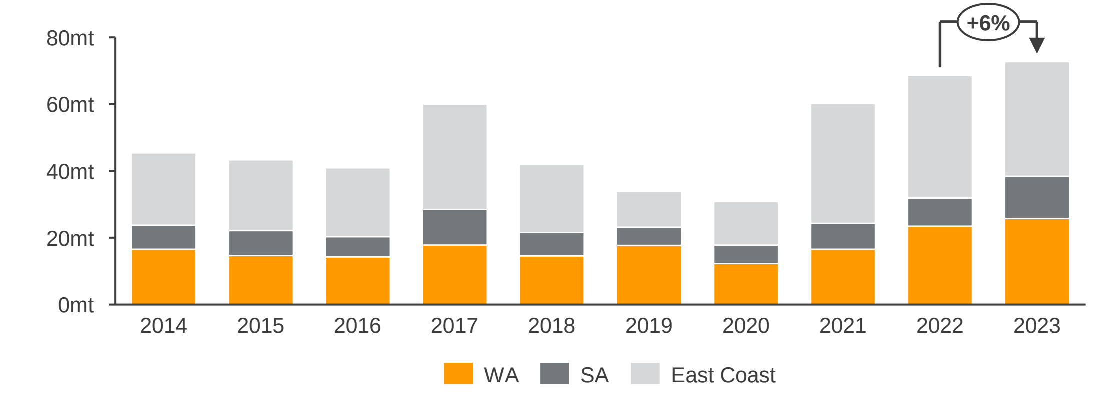
AUSTRALIA: EXPLORATION EXPENDITURE: SELECTED BASE METALS[1]



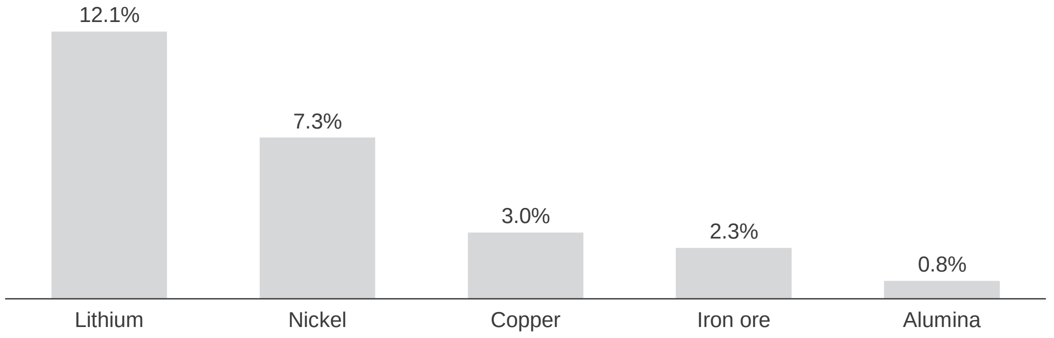
CAPITAL EXPENDITURE: METAL ORE MINING[1]



AUSTRALIA: CROP PRODUCTION VOLUME[2]



AUSTRALIA: SUPPLY GROWTH[3] *CAGR 2022-2028*



1. *Australian Bureau of Statistics. Selected base metals includes: copper, silver, lead, zinc, nickel and cobalt*
2. *Australian Bureau of Statistics, ABARES Crop Report (June 2023), Australian crop production (winter and summer) volume by marketing year. East Coast: Queensland, New South Wales and Victoria*
3. *Office of the Chief Economist – Research and Energy Quarterly (March 2023), mine production volume.*

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Above Rail volumes

	Quarter Ending						Financial Year		
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Variance[1]	FY2022	FY2023	Variance[1]
Tonnes (million)									
Coal: CQCN	36.5	33.1	33.8	30.1	36.6	-	141.1	133.6	(5%)
Coal: NSW & SEQ	13.3	11.6	12.1	13.4	14.4	8%	52.9	51.4	(3%)
Coal Total	**49.8**	**44.7**	**45.8**	**43.4**	**51.0**	**2%**	**194.0**	**185.0**	**(5%)**
Bulk Total	**13.2**	**15.7**	**18.0**	**16.9**	**17.7**	**34%**	**50.8**	**68.2**	**34%**
Total (Coal & Bulk)	**63.0**	**60.3**	**63.8**	**60.3**	**68.7**	**9%**	**244.9**	**253.2**	**3%**
TEUs									
Containerised Freight[2]	**-**	**18,400**	**26,481**	**22,681**	**29,368**	**-**	**-**	**96,930**	**-**
NTKs (billion)									
Coal: CQCN	9.0	8.2	8.3	7.4	9.1	1%	35.3	33.0	(7%)
Coal: NSW & SEQ	2.5	2.2	2.2	2.4	2.5	-	9.9	9.2	(7%)
Total	**11.5**	**10.4**	**10.5**	**9.8**	**11.5**	**-**	**45.2**	**42.2**	**(7%)**

1. Variance compared to the previous corresponding period
2. Includes both Central Corridor (Bulk) and National Interstate (Other) and does not include Queensland hook-and-pull services
Note: Due to rounding, the sum of components may not equal the corresponding total

AURIZON

Enterprise agreements

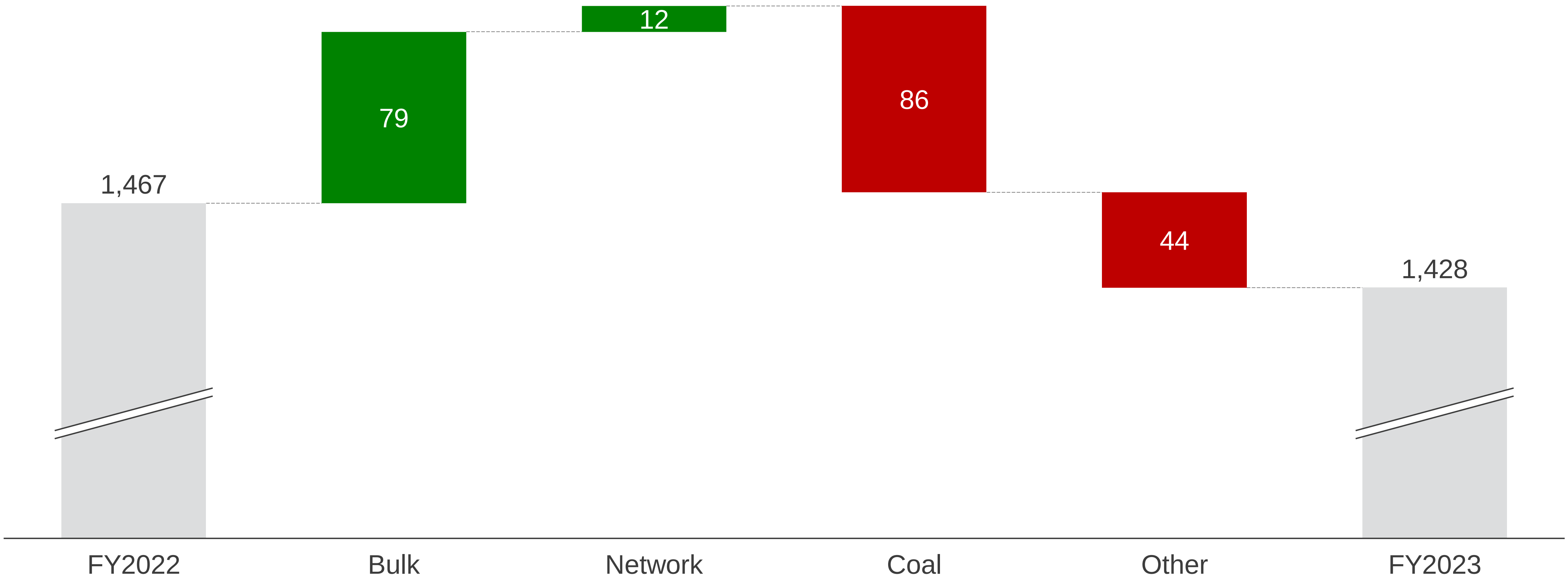
Enterprise Agreement		# Staff Covered (approx.)	Term (years)	Expiry Date	Headline Increases				Status
					Year 1	Year 2	Year 3	Year 4	
SA/NT Bulk Rail Operations		170	4	16 Dec 2023	3.0%	3.0%	3.0%	3.0%	Planning
QLD Bulk	Traincrew & Transport Operations	370	1	24 Jan 2024	5.3%				Planning
	Maintenance				5.3%				
SA/NT Bulk Infrastructure		40	4	9 Mar 2024	3.0%	3.0%	3.0%	3.0%	
SA/NT Bulk Terminal Operations		10	4	2 Apr 2024	3.0%	3.0%	3.0%	3.0%	
WA Bulk Rail Operations		450	2	9 Dec 2024	5.3%	4.5%			
WA Bulk Rollingstock Maintenance		90	4	10 May 2025	3.0%	3.0%	2.5%	2.0%	
SA/NT Bulk Maintenance		70	2	30 Jun 2025	4.0% + 4.0%	3.0%			
NSW Coal		300	4	10 Nov 2025	2.5%	2.5%	2.5%	2.5%	
QLD Port Services		60	4	1 Nov 2025	-	-	3.0%	3.0%	
QLD Coal	Traincrew & Transport Operations	1,200	3	3 Mar 2026	4.25% - 4.5%	3% - 4%	3% - 4%		
	Maintenance				5.0%	3% - 4%	3% - 4%		
QLD Staff		700	4	30 Jan 2027	4.5%	3% - 4%	3% - 4%	3% - 3.5%	
QLD Infrastructure		550	4	4 Aug 2027	5.0%	4.0%	4.0%	4.0%	

Underlying EBITDA[1] by business unit ($m)

	FY2023	FY2022[2]	Variance
Coal	455	541	(16%)
Bulk	214	135	59%
Network	813	801	1%
Other	(54)	(10)	(440%)
EBITDA	**1,428**	**1,467**	**(3%)**

1. *Continuing operations*
2. *The Bulk and Other segments for FY2022 have been restated for consistency with current year presentation*

Underlying Group EBITDA bridge[1] ($m)

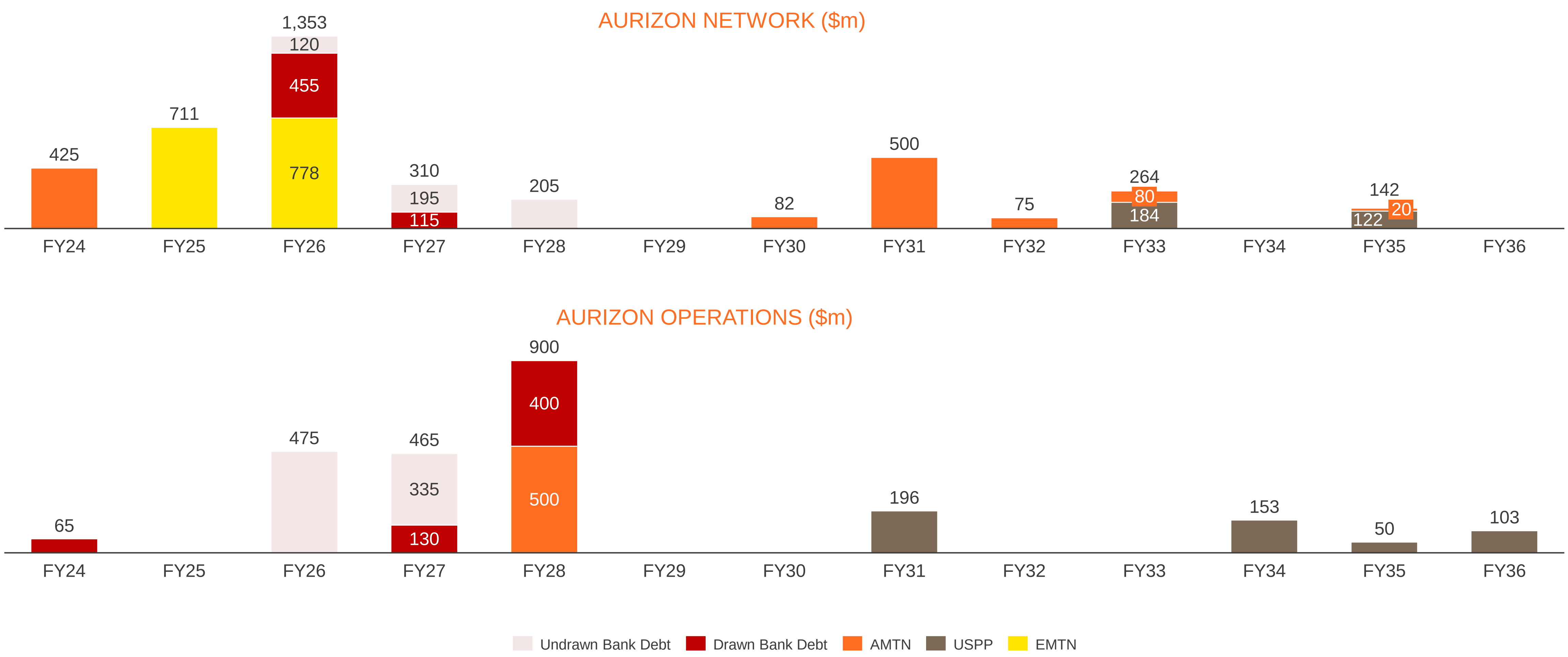


1. Continuing operations
Note: Due to rounding, the sum of components may not equal the corresponding total

Balance sheet summary ($m)

	30 June 2023	30 June 2022
Current assets	1,193	860
Property, plant and equipment (PP&E)	9,945	8,416
Other non-current assets	541	400
Total Assets	**11,679**	**9,676**
Other current liabilities	(744)	(713)
Total borrowings	(5,142)	(3,221)
Non-current liabilities	(1,440)	(1,330)
Total Liabilities	**(7,326)**	**(5,264)**
Net Assets	**4,353**	**4,412**
Gearing (net debt / (net debt + equity))	**53.7%**	**40.9%**

Debt maturity profile[1]



1. *Balances reflective of drawn debt, excluding working capital facility as at 31 July 2023*
2. *Abbreviations: Australian Medium Term Note (AMTN), Euro Medium Term Note (EMTN), United States Private Placement (USPP)*

AURIZON

Reconciliation of borrowings

	$m	Commentary
Total debt including working capital facility	5,296	Borrowings on a cash basis
Reconciliation to Financial Statements		
Add/(less):		
Corporation Loan	6	Borrowings acquired in connection with the Tarcoola-to-Darwin Concession Deed for face value of $50m issued at below market interest rates maturing in 2054. The Corporation Loan is held at fair value.
Capitalised transaction costs	(15)	
Discounts on bonds	(5)	Discounts on medium term notes capitalised to the balance sheet and unwound to the income statement in accordance with AASB 9
Accumulated fair value adjustments	(140)	Accumulated fair value hedge mark-to-market adjustment on bonds in accordance with AASB 9
Total adjustments	(154)	
Total borrowings per financial report	**5,142**	Current and non-current borrowings

Note: Due to rounding, the sum of components may not equal the corresponding total

Dividend history

Year	Interim *cents/share*	Final *cents/share*	Total *cents/share*	Payout Ratio[1]	Franking Ratio[2]
FY2023	**7.0**	**8.0**	**15.0**	**75.0%**	**80.0%**
FY2022	10.5	10.9	**21.4**	75.0%	98.0%
FY2021	14.4	14.4	**28.8**	100.0%	70.0%
FY2020	13.7	13.7	**27.4**	100.0%	70.0%
FY2019	11.4	12.4	**23.8**	100.0%	70.0%
FY2018	14.0	13.1	**27.1**	100.0%	55.0%
FY2017	13.6	8.9	**22.5**	100.0%	60.0%
FY2016	11.3	13.3	**24.6**	100.0%	70.0%
FY2015	10.1	13.9	**24.0**	85.0%	15.0%
FY2014	8.0	8.5	**16.5**	67.5%	40.0%
FY2013	4.1	8.2	**12.3**	57.5%	80.0%
FY2012	3.7	4.6	**8.3**	50.0%	0.0%
FY2011	-	3.7	**3.7**	50.0%	0.0%

1. *Simple average of the payout ratio is used. From FY2018, payout ratio is based on underlying NPAT for continuing operations*
2. *Simple average of the franking ratio is used.*

AURIZON

Coal

$m	FY2023	FY2022	Variance
Above rail	1,175	1,195	(2%)
Track access	350	360	(3%)
Other	6	4	50%
Total Revenue	**1,531**	**1,559**	**(2%)**
Access costs	(400)	(376)	(6%)
Operating costs	(676)	(642)	(5%)
EBITDA	**455**	**541**	**(16%)**
Depreciation & Amortisation	(204)	(208)	2%
EBIT	**251**	**333**	**(25%)**
Tonnes (m)	*185.0*	*194.0*	*(5%)*
NTKs (b)	*42.2*	*45.2*	*(7%)*
Contract utilisation	*80%*	*84%*	*(4ppts)*

Note: Due to rounding, the sum of components may not equal the corresponding total

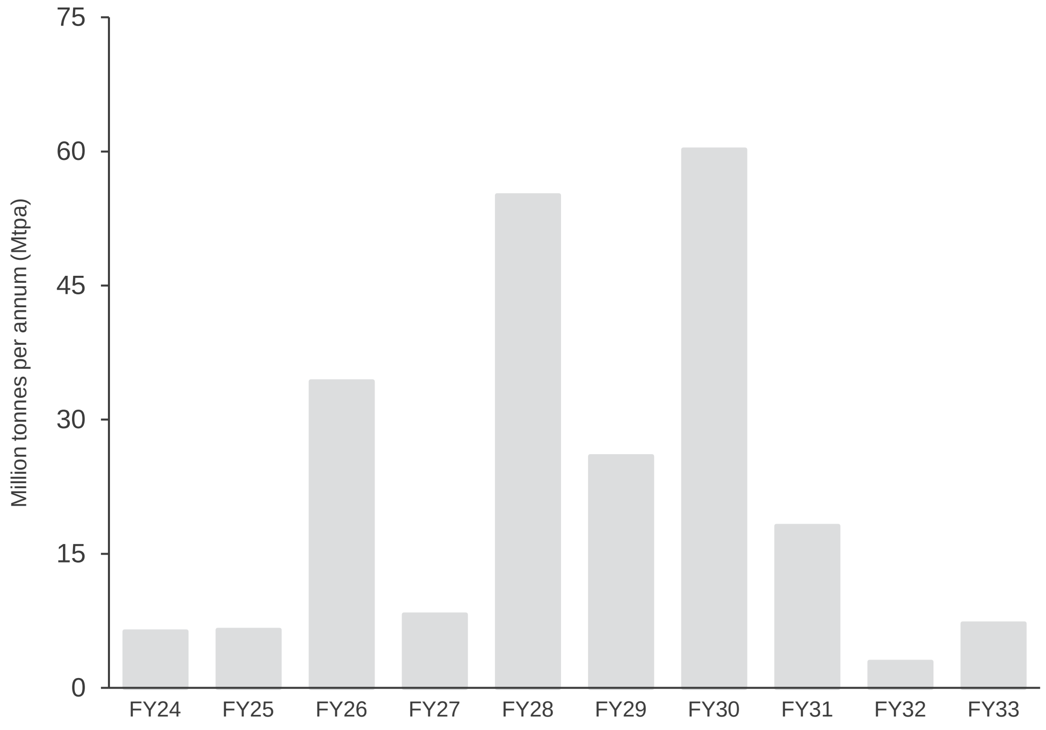
Above Rail Coal haulage tonnes (mt) by system

	FY2023	FY2022	Variance
Central Queensland Coal Network (CQCN)			
Newlands	16.1	17.8	(10%)
Goonyella	60.1	61.5	(2%)
Blackwater	44.4	49.5	(10%)
Moura	13.0	12.3	6%
Total CQCN	**133.6**	**141.1**	**(5%)**
New South Wales and South East Queensland (NSW & SEQ)			
West Moreton	2.1	2.7	(22%)
Hunter Valley and Illawarra	49.3	50.2	(2%)
Total NSW & SEQ	**51.4**	**52.9**	**(3%)**
Total	**185.0**	**194.0**	**(5%)**

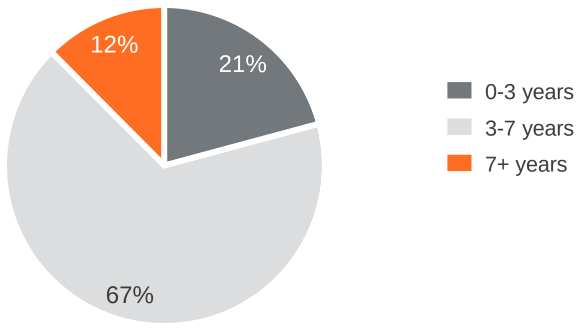
Note: Due to rounding, the sum of components may not equal the corresponding total

Coal contract portfolio

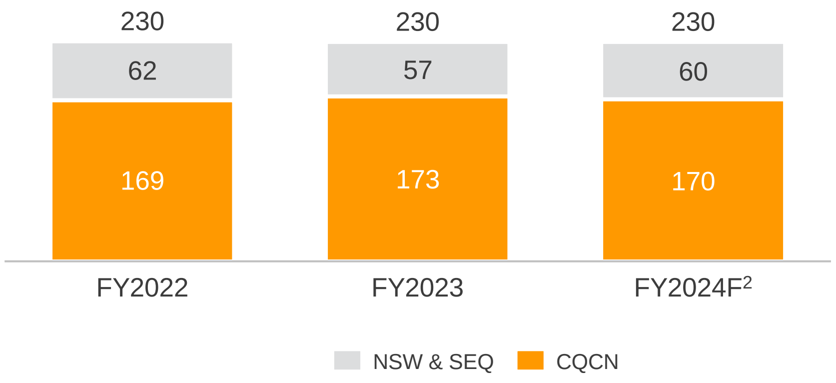
AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR[1]
AS AT 30 JUNE 2023



COAL CONTRACT PORTFOLIO EXPIRY[1]
AS AT 30 JUNE 2023



FORECAST COAL CONTRACTED VOLUMES (MT)



1. 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. Contract Volumes excludes any end of mine life contracts
2. This represents the contracted tonnes as at 30 June 2023 and includes known nominations

Bulk

$m	FY2023	FY2022[1]	Variance
Revenue	**1,063**	**700**	**52%**
Access costs	(104)	(80)	(30%)
Operating costs	(745)	(485)	(54%)
EBITDA	**214**	**135**	**59%**
Depreciation & Amortisation	(108)	(39)	(177%)
EBIT	**106**	**96**	**10%**
Above Rail Tonnes (m)	*68.2*	*50.8*	*34%*

Note: Due to rounding, the sum of components may not equal the corresponding total

1. The Bulk and Other segments for FY2022 have been restated for consistency with current year presentation

Network financial and operating metrics

$m	FY2023	FY2022	Variance
Track Access	1,255	1,134	11%
Services & Other	82	59	39%
Revenue	**1,337**	**1,193**	**12%**
Energy & Fuel	(215)	(108)	(99%)
Other Operating Costs	(309)	(284)	(9%)
EBITDA	**813**	**801**	**1%**
Depreciation & Amortisation	(351)	(345)	(2%)
EBIT	**462**	**456**	**1%**
Tonnes (m)	*207.6*	*206.5*	*1%*
NTK (bn)	*50.4*	*51.9*	*(3%)*
Operating Ratio	*65.4%*	*61.8%*	*(3.6ppt)*
Maintenance/NTK ($/’000 NTK)	*2.8*	*2.6*	*(8%)*
Opex/NTK ($/’000 NTK)	*17.4*	*14.2*	*(23%)*
Cycle Velocity (km/hr)	*21.5*	*22.8*	*(6%)*
System Availability	*83.4%*	*82.6%*	*0.8ppt*
Average Haul Length (km)	*243*	*251*	*(3%)*

Network volumes: All rail operators

	FY2023	FY2022	Variance
Newlands	20.7	13.9	49%
Goonyella	107.0	105.6	1%
Blackwater	52.4	58.3	(10%)
Moura	12.9	12.0	8%
GAPE	14.6	16.8	(13%)
Total (mt)	**207.6**	**206.5**	1%

Note: Due to rounding, the sum of components may not equal the corresponding total

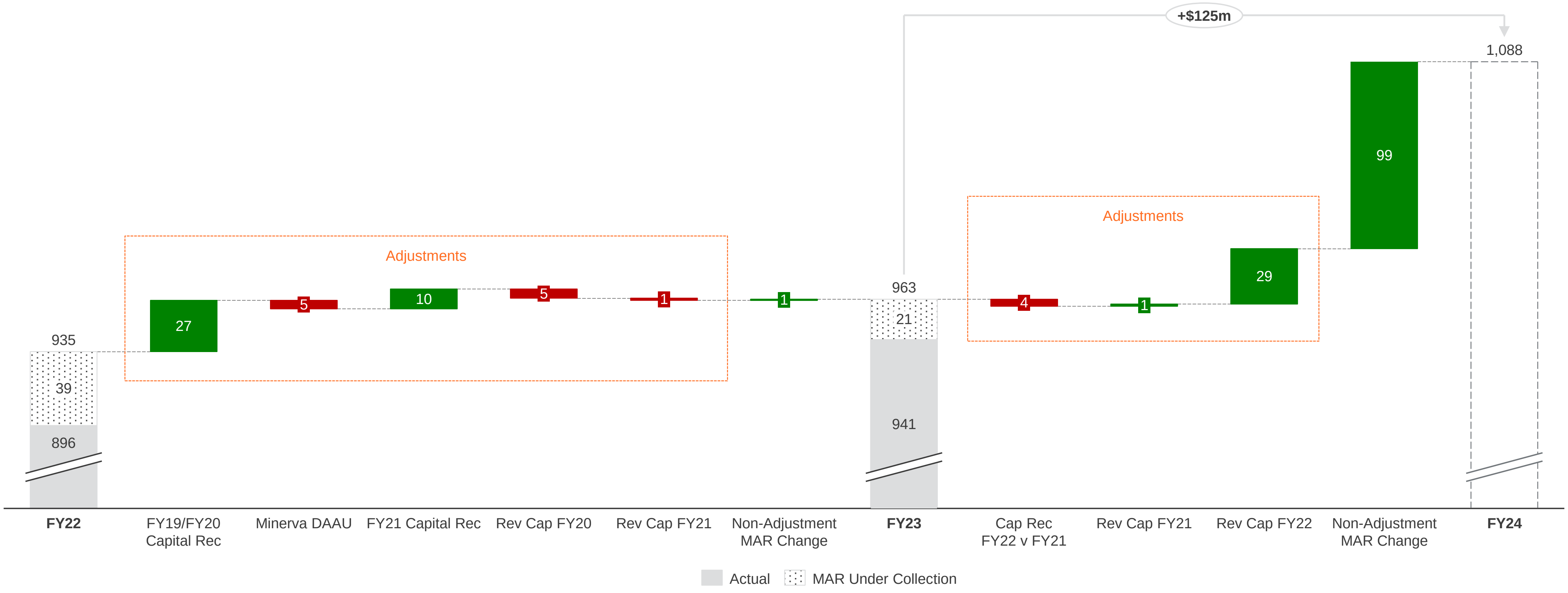
Network FY2023 Access Revenue movement

	$m
Increase in non GAPE MAR (excluding Revenue Cap) from FY2022 to FY2023	34
Revenue Cap movements FY2022 to FY2023	(6)
Volume under-recovery for FY2022 net of take-or-pay (reversal of impact)	39
Volume under-recovery for FY2023 net of take-or-pay	(21)
GAPE revenue	(9)
WIRP Fees	(10)
Electric Traction revenue	102
Other Access revenue	(8)
Movement in FY2022 to FY2023 Access Revenue	**121**

Note: Due to rounding, the sum of components may not equal the corresponding total

Network adjusted MAR bridge FY2022 to FY2024

INDICATIVE NETWORK ADJUSTED MAXIMUM ALLOWABLE REVENUE (MAR)[1] FY2022 – FY2024[2] ($M)



1. AT1-5. Amounts exclude GAPE. Due to rounding the sum of components may not equal the corresponding total.
2. FY2024 MAR is as approved by the QCA on 25 May 2023 and used for FY24 Reference Tariffs.

Network Revenue Adjustment Amounts (revenue cap)

Financial Year	AT_{2-4} $m	AT_5 $m	Total (inc-GAPE) $m	Total (ex-GAPE) $m
2023[1]	~8	~23	~31	~27
2022	30.2	11.0	41.2	29.2
2021	(40.0)	20.0	(20.0)	(1.1)
2020	(0.5)	3.9	3.4	4.9

- Revenue adjustment amounts (RAA) are the difference by system between Aurizon's Total Actual AT_{2-5} Revenue and Allowable AT_{2-5} Revenue
- The RAA amounts are collected or repaid through a tariff adjustment two years later
- All revenue adjustment amounts (except FY2023) include cost of capital adjustments
- RAA also includes adjustments for WACC, maintenance, rebates, energy connection costs, and other costs recoverable in accordance with Schedule F of the Access Undertaking. The net impact of these adjustments in FY2023 is to increase the $21m MAR under collection by ~$6m to a ~$27m recovery from access holders ex-GAPE

1. Not submitted to the QCA for approval and excludes cost of capital adjustment.
Note: AT = Access Tariff Revenue Adjustment Amount and that negative amounts represents a return to Access Holders.

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Reconciliation of billed MAR to reported access revenue

$m	FY2023 Actual	FY2022 Actual	FY2021 Actual
Access Revenue (AT_1 to AT_5) (ex. GAPE)	942	891	911
Approved Adjustments to MAR			
Revenue Cap (ex. GAPE and inclusive of capitalised interest)	(1)	5	-
Regulated Access Revenue (ex. GAPE)	**941**	**896**	**911**
Total non-regulated Access Revenue (ex. GAPE)	161	77	86
Total GAPE Revenue (Regulatory + non-regulatory)	152	161	181
Total Access Revenue per Aurizon Statutory Accounts	**1,255**	**1,134**	**1,179**

Note: Access Revenue excludes other revenue which primarily consists of Access Facilitation Charges (AFC) paid by Access Holders to Network and other services revenue. Due to rounding, the sum of components may not equal the corresponding total

Network: Maximum Allowable Revenue

The Maximum Allowable Revenue (MAR) is the total regulatory revenue Network is permitted to earn each year

PROPOSED FINAL ALLOWABLE REVENUE ($m)[1]

Building block component	FY2024[2] *Preliminary Allowable Revenue*	FY2025 *Proposed Final Allowable Revenue*	FY2026[3] *Proposed Final Allowable Revenue*	FY2027 *Proposed Final Allowable Revenue*
Return on capital	493.7	515.5	520.9	523.9
Depreciation (less inflation)	249.5	272.4	303.7	316.6
Direct maintenance costs	164.1	174.9	175.8	179.5
Indirect maintenance costs	17.5	18.0	17.4	17.1
Non-electric operating expenditure	135.1	135.1	135.1	135.1
Electric operating expenditure	72.0	72.0	72.0	72.0
Tax allowance	49.2	53.4	57.7	58.3
Adjustments	62.6	31.6	32.3	33.1
Total	**1,243.8**	**1,272.9**	**1,314.9**	**1,335.5**

Total (excluding GAPE)	**1,088.0**	**1,125.6**	**1,168.6**	**1,209.9**

FY2025 Proposed Final Allowable Revenue does not include estimated Revenue Cap adjustments relating to FY2023 of ~$27m (refer slide 45)

1. *On 31 July 2023 Network submitted Final Reset Values to the QCA for approval. Network's Final Reset Values submission proposed a final Reset WACC of 8.51% based on a risk-free rate of 3.87% and a debt risk premium of 2.48% (reflected in FY2025 to FY2027 in the table above). Network is providing additional information to the Queensland Competition Authority in support of its submission prior to it being published. Network's proposed final Reset Values remain subject to approval by the QCA, following a period of stakeholder consultation. FY2025 Proposed Final Allowable Revenue does not include Revenue Cap adjustments from FY2023.*
2. *While the Final Reset Values will take effect from 1 July 2023, FY2024 Allowable Revenue will not be amended that year to reflect the QCA's decision on the Final Reset Values. Any variation between Final Reset Values and Preliminary Reset Values will be included in the FY2026 Revenue Adjustment Amounts. The FY2024 Allowable Revenue figures in the table above reflects the Preliminary Allowable Revenues (including the Preliminary Reset WACC of 8.18%) approved by the QCA on 25 May 2023.*
3. *The FY2026 Allowable Revenue (shown above) does not include the Revenue Adjustment of the Final Reset WACC ~$25m (ex GAPE). Any difference between the Preliminary and Final Reset allowable revenues for FY2024 (1 July 2023 to 30 June 2024) will be reconciled through the usual Revenue Adjustment Amounts (Revenue Cap) process in two years' time and will be incorporated into FY2026 Reference Tariffs.*

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UT5 WACC Reset Timeline

UT5 WACC RESET PROCESS

14 March 2022 Report Date[1]
WACC
6.30%

1 July 2023 Reset Date
Preliminary Reset WACC
8.18%

1 July 2024
Proposed Final Reset WACC
8.51%[3]

1 July 2025
Revenue Cap true up of Final Reset WACC (compared to Preliminary Reset WACC) for the period 1 July 2023 to 30 June 2024

30 June 2027 Terminating Date

	QCA 2018 Decision	Preliminary Reset[2]	Proposed Final Reset WACC[3]	Change *against QCA 2018 Decision*
WACC	**6.30%** *to 30 June 2023*	**8.18%** *From 1 July 2023*	**8.51%[3]** From 1 July 2024	+2.21ppts
Debt Risk Premium	*2.04%*	*2.60%*	*2.48%[4]*	*+0.24ppts* *+0.44% x 0.55 leverage*
Risk Free Rate	*1.90%*	*3.47%*	*3.87%[5]*	*+1.97ppts*

1. *On 15 December as a result of the FY2022 Revenue Adjustment Submission the QCA made known their view that the Report Date (and WACC uplift) did not apply from 12 November 2021 but instead 14 March 2022. On 20 January 2023, Network lodged an application with the Supreme Court of Queensland to appeal the QCA decision, seeking a declaration from the court about the proper interpretation of the definition of the Report Date. On 28 July 2023, the Supreme Court dismissed Network's application and decided that the Report Date is 14 March 2022. Network is considering the judgement and its next steps*
2. *On 25 May 2023 the QCA approved preliminary Reset Values including a WACC of 8.18% which forms the basis of FY2024 tariffs*
3. *Network's final Reset Values submission proposed a final reset WACC of 8.51% based on a risk free rate of 3.87% and a debt risk premium of 2.48%. Network is providing additional information to the Queensland Competition Authority in support of its submission prior to it being published. Network's proposed final Reset Values remain subject to approval by the QCA, following a period of stakeholder consultation*
4. *Debt Risk Premium - BBB+ rated corporate bonds selected and calculated using criteria consistent with that adopted to calculate the debt risk premium in the QCA's 2018 Decision and using an average over the 20-Business Day period up to and including 30 June 2023 – Network notes there is not a prescriptive methodology or criteria*
5. *In calculating the reset risk free rate, Network has applied the defined methodology, as outlined in UT5. Specifically, the average rate for Commonwealth of Australia Government nominal bonds using the RBA indicative mid-rate with a term of four years. On 22 June 2023, the QCA approved the use of mid-rates sourced from Bloomberg following the RBA decision to cease publication of indicative mid-rates for Australian Government Securities from 31 March 2023*

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