

1HFY2023 Results

13 February 2023



Photo: Loaded zinc train, Oak Valley, between Antill Plains and Stuart Refuge on the Mount Isa line near Townsville. Photo: Leon Harris – Trainee Locomotive Driver

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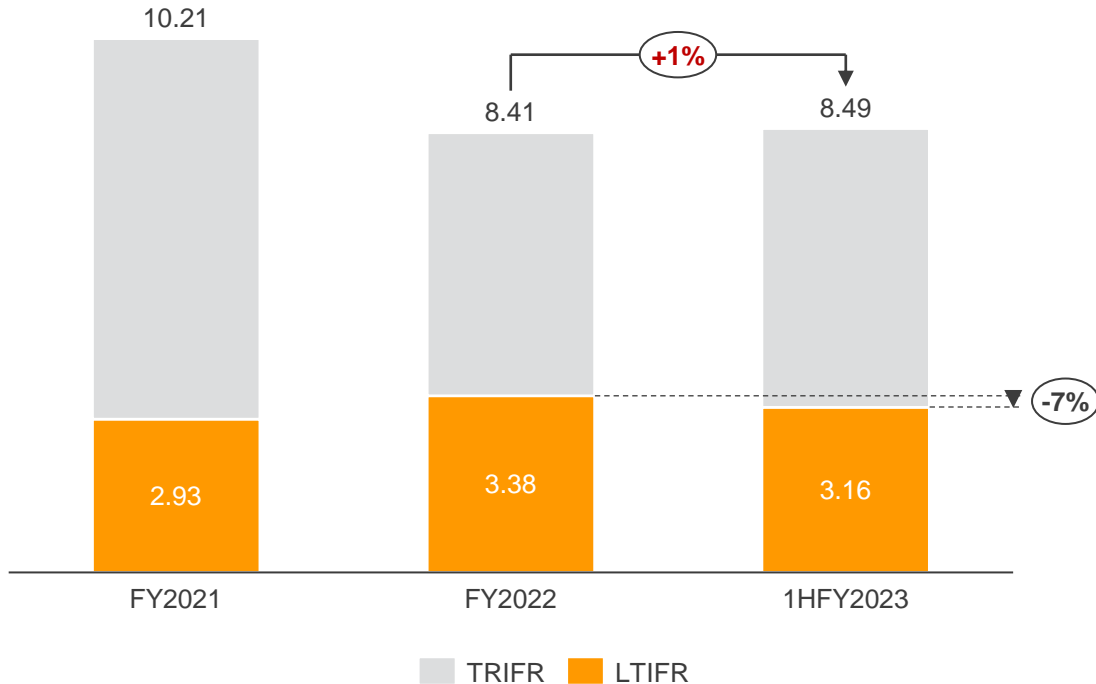
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Safety performance

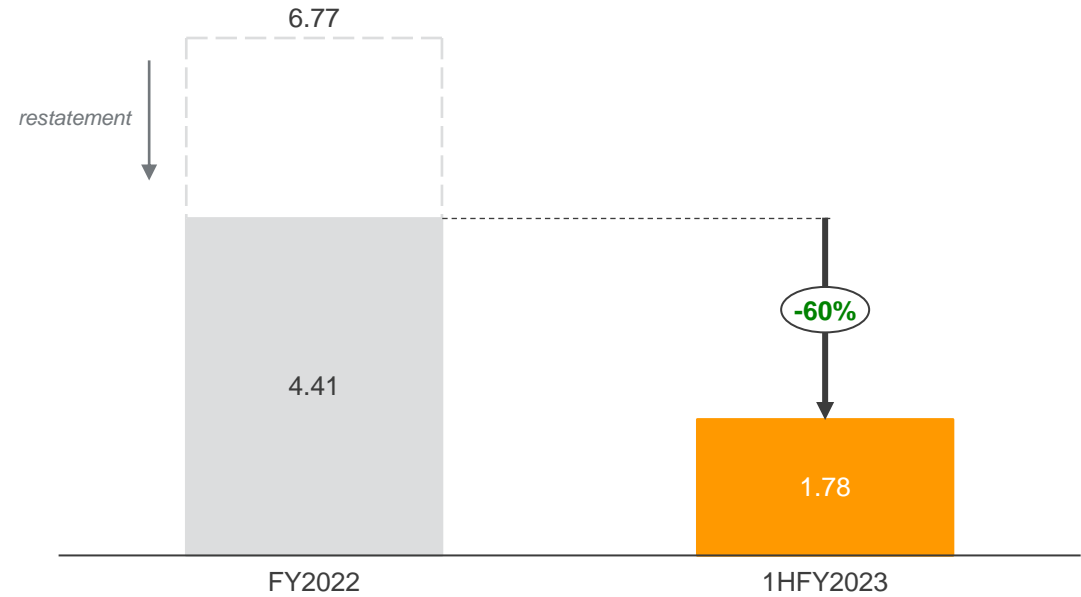
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)¹ AND LOST TIME INJURY FREQUENCY RATE (LTIFR)

Incidents per million hours worked



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

Incidents per million hours worked



One Rail Australia (Bulk Central) is excluded 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). 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: Aurizon train, south of Menzies in the Northern Goldfields, approximately 128kms north of Kalgoorlie, Blake Jones – Aurizon Tutor Drive (Central WA)



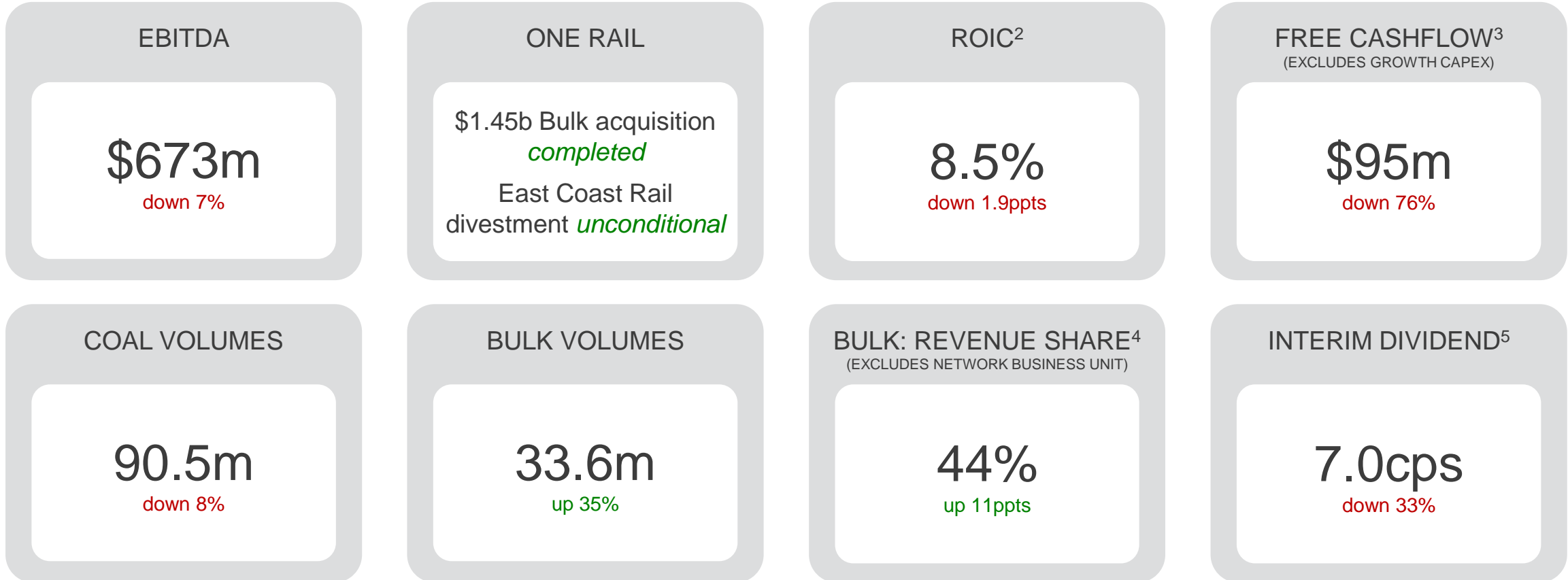
Key achievements

Significant actions in the half to deliver our corporate strategy

<p><i>Enhancing resilience</i></p> <p>Network WACC of 8.18% to apply from 1 July 2023</p>	<p><i>Enhancing resilience</i></p> <p>Enterprise Agreements covering ~70% of EA workforce agreed to since December 2021</p>	<p><i>Enhancing resilience</i></p> <p>TrainGuard technology deployed in Blackwater (Callemondah to Bluff)</p>	<p><i>Driving Bulk Returns</i></p> <p>One Rail acquisition complete – integration and synergies on track</p>
<p><i>Driving Bulk Returns</i></p> <p>Record grain haulage</p>	<p><i>Driving Bulk Returns</i></p> <p>Bulk contract wins/extensions across all states</p>	<p><i>Driving Bulk Returns</i></p> <p>Investing in capacity across the supply chain</p>	<p><i>Driving Bulk Returns</i></p> <p>Extensive commercial pipeline</p>

1HFY2023 Results¹

Financial performance reflects prolonged wet weather and investment in Bulk growth



1. All amounts are underlying and on a continuing basis unless otherwise stated. Comparisons are against 1HFY2022

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

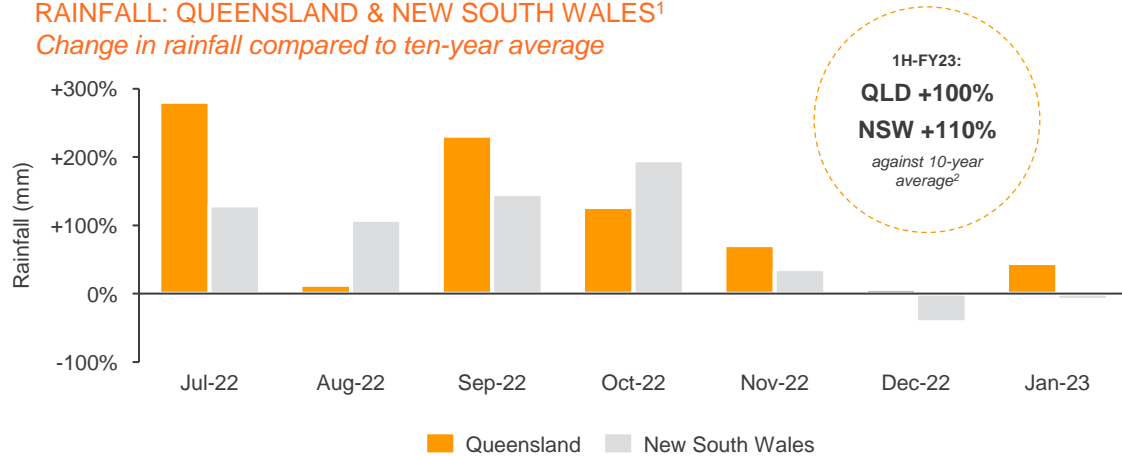
4. Revenue is the sum of the Coal (excluding all track access) and Bulk (excluding external track access) business units and excludes the Network business unit

5. Represents a payout ratio of 75%. Dividend: 100% franked, ex dividend: 27 February 2023, record date: 28 February 2023, payment date: 29 March 2023

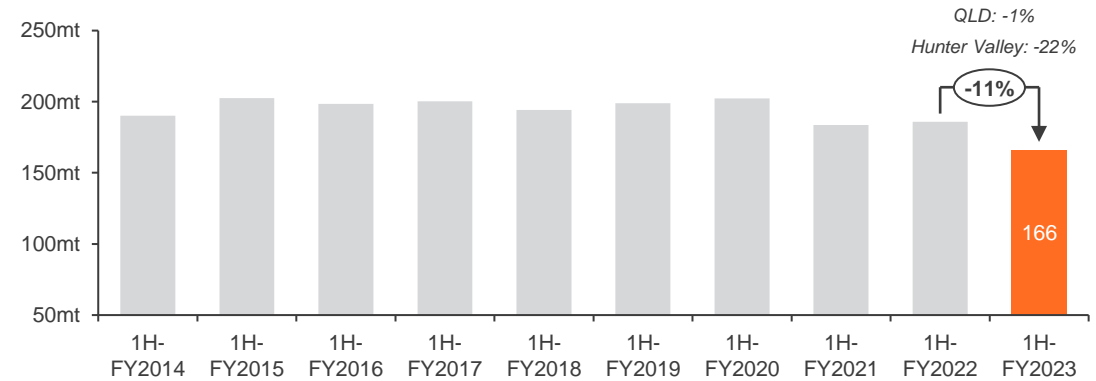
Commodity markets update

Prolonged rainfall recorded in QLD and NSW across 1H-FY2023 impacted Australian coal export volumes.
Record grain export volume expected for 2022-23 season

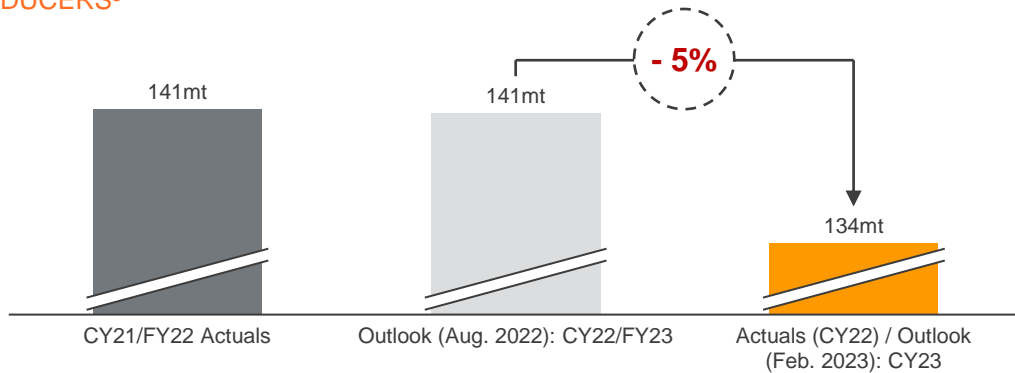
RAINFALL: QUEENSLAND & NEW SOUTH WALES¹
Change in rainfall compared to ten-year average



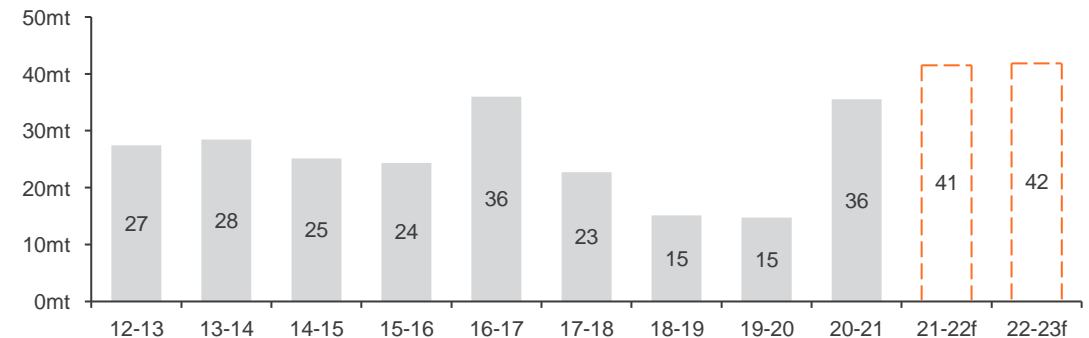
1H: AUSTRALIAN TOTAL COAL EXPORT VOLUME⁴
Million tonnes



COAL CHANGE IN OUTLOOK (OR ACTUAL RESULTS) FOR KEY COAL PRODUCERS³



AUSTRALIAN GRAIN EXPORT VOLUME⁵
Major crops (By marketing year)



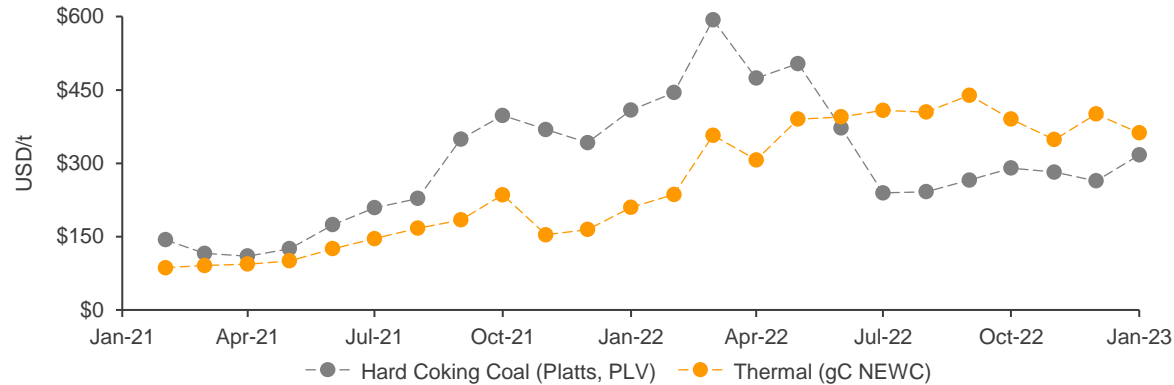
1. Bureau of Meteorology, Selected rainfall districts for coal mine, rail and port infrastructure – Queensland: East Central Coast (33), West Central Coast (34), Central Highlands (35), Port Curtis (39) and New South Wales: Central Western Plains (S) (50), Central Western Plains (N) (51), Northwest Plains (W) (52), Northwest Plains (E) (53), Northwest Slopes (S) (55), Hunter (61), Central Tablelands (N) (62), Central Western Slopes (N) (64), Illawarra (68). 2. 10-year average of first half (Jul-Dec) from FY2013 to FY2021. 3. Limited to companies that provide production guidance at an Australian asset level and have published 4Q-CY23/2Q-FY23 production results (Anglo, BMA, BHP Mt Arthur, Whitehaven and Yancoal). Methodology: for producers reporting in calendar years, actual CY22 production has been compared to the mid point of the CY22 guidance range as at August 2022. For producers reporting in financial years, most recent FY23 guidance has been compared to the mid point of the FY23 guidance range as at August 2022. 4. Australian Bureau of Statistics and port/terminal reporting. 5. ABARES: Agricultural Commodities (December quarter 2022), Australian Crop Report data (December 2022). Major crops include wheat, barley and canola. Marketing year (Wheat: Oct-Sep, Barley & Canola: Nov-Oct).

Commodity markets update

Record crude steel production in India in 2022. Elevated coal prices remain, supporting an expected recovery in export volume in FY2024

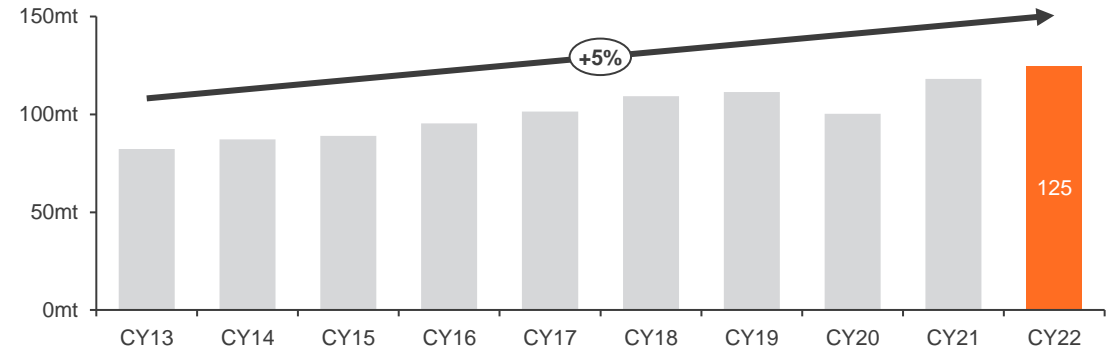
COAL PRICES¹

Monthly average



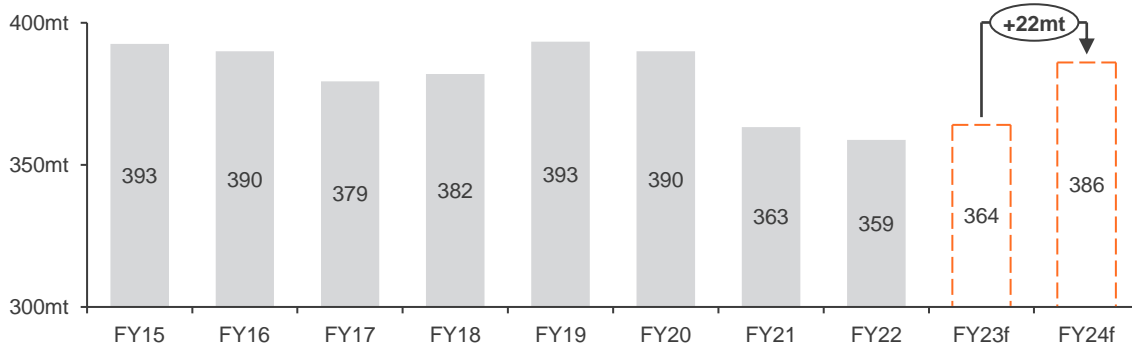
INDIA CRUDE STEEL PRODUCTION²

Million tonnes (Calendar year)

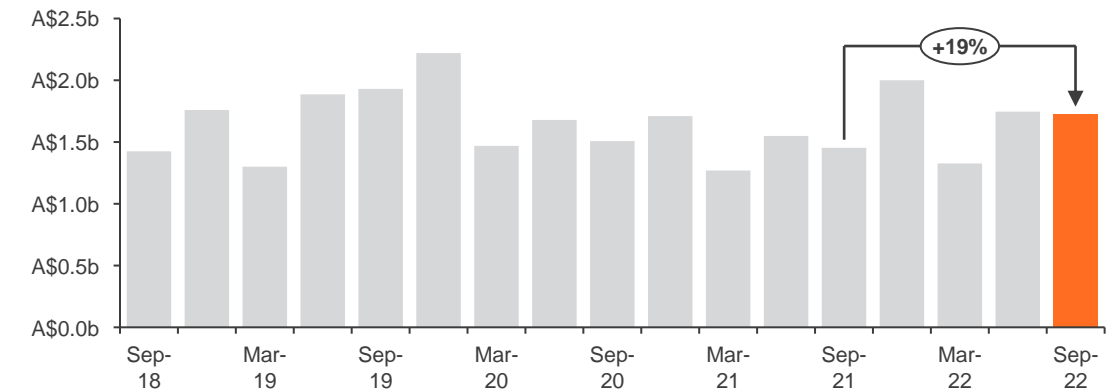


OFFICE OF THE CHIEF ECONOMIST: AUSTRALIAN COAL EXPORT FORECAST³

Million tonnes (Financial year)



AUSTRALIA: COAL CAPITAL EXPENDITURE⁴



1. Platts (Hard Coking Coal, Premium Low Vol.), Intercontinental Exchange (Thermal, Newcastle 6,000NAR).

2. World Steel Association

3. Office of the Chief Economist – Research and Energy Quarterly (December 2022)

4. Australian Bureau of Statistics

Investing in Bulk growth

In response to the opportunities presenting in the business (particularly Bulk Central), investment is being made in capacity including rollingstock, track, port and terminals

Embedding Bulk Central

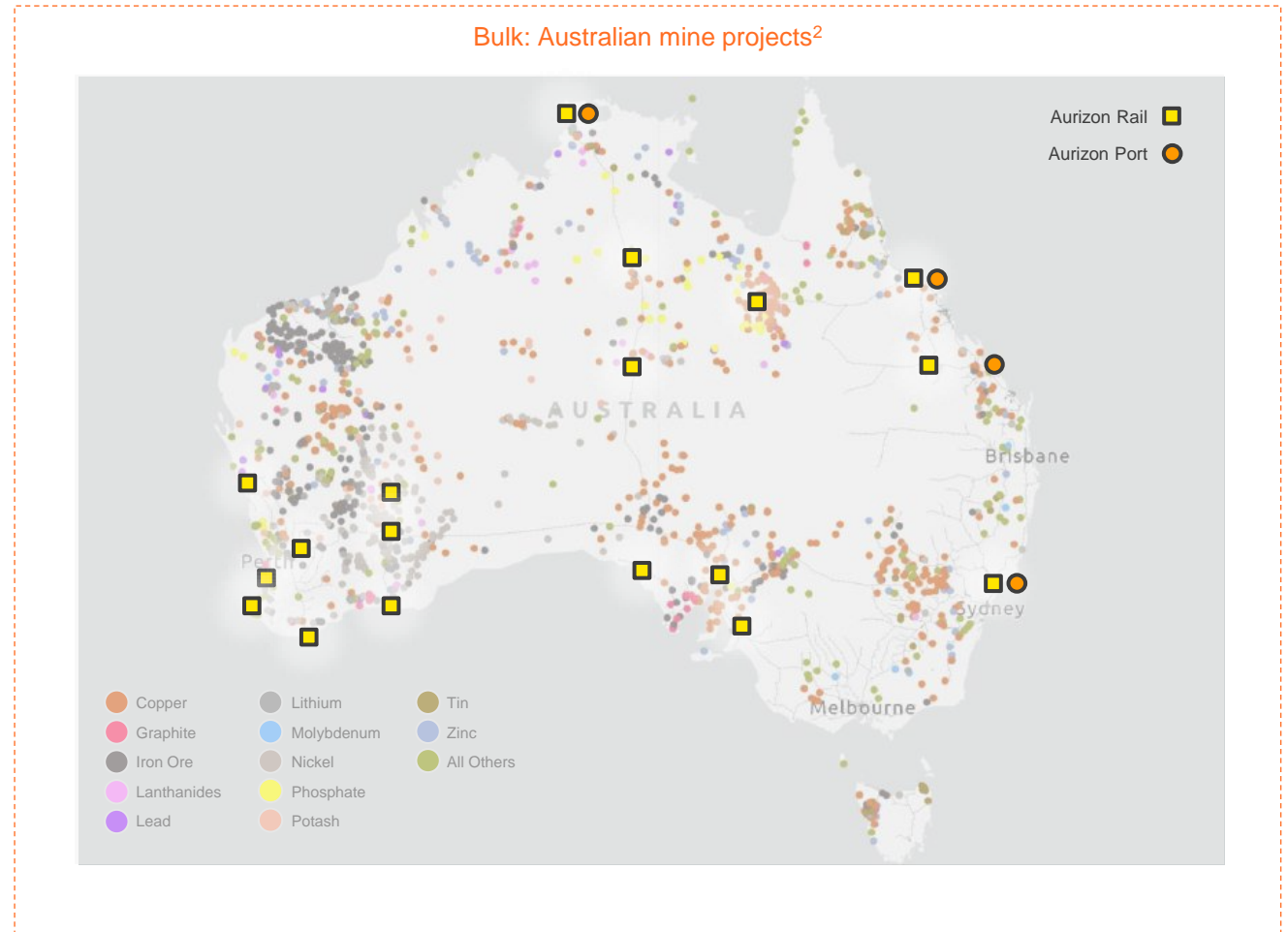
- › \$1.45bn acquisition completed July 2022 with integration into the Bulk business unit. Projected synergies on-track
- › Strong operational delivery performance to-date
- › Key Achievements¹:
 - Oz Minerals 5-year contract extension
 - SIMEC 3-year contract extension
 - Gypsum Resources Australia track investment and 10-year contract extension

Capacity Investment

- › Capital investments to support capacity growth
 - Rollingstock (standard gauge to support all regions)
 - Port equipment
 - Newcastle land acquisition

Commercial Pipeline

- › ~200 opportunities worth over \$1.5b in annual revenue across all regions where Aurizon operates
- › Key commodities: Copper, Nickel, Iron Ore, Rare Earths, Vanadium, Lithium and Fertiliser



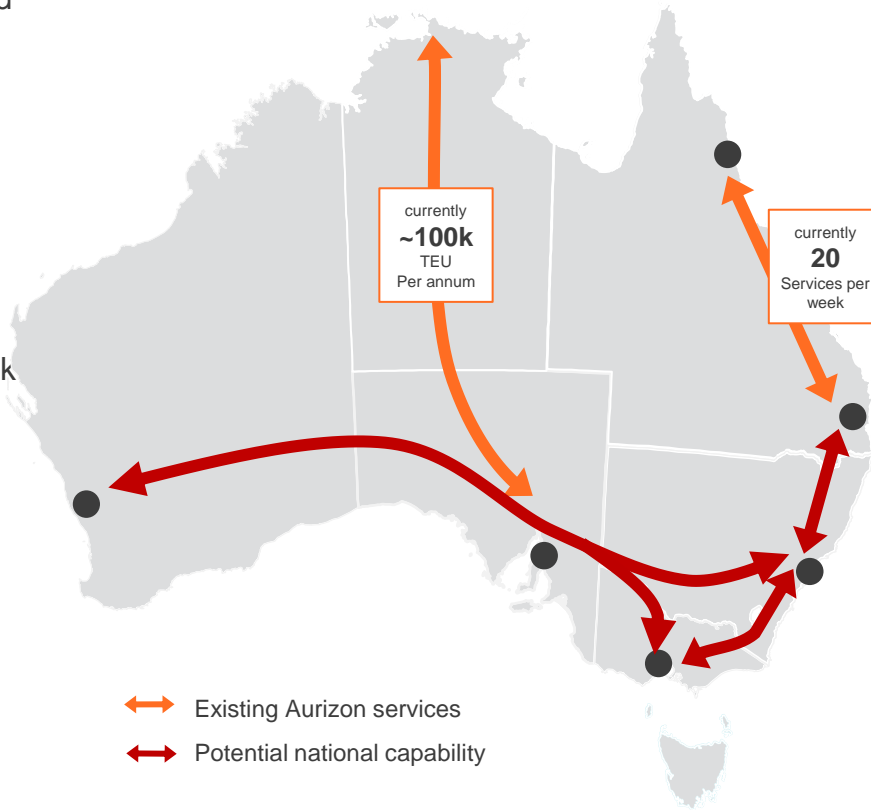
1. Includes contracts executed by One Rail Australia in July 2022

2. S&P Market Intelligence (Mine projects: Commodities excludes precious metals, Project status exploration to pre-production)

Containerised freight

The Bulk Central corridor provides the ability to expand our service offering

- › Existing containerised freight services between Adelaide and Darwin, and Brisbane and Cairns
- › Future opportunity to expand volumes by leveraging Bulk Central track infrastructure and Darwin port investments
- › Australian domestic freight task is projected to grow 26% between 2020 and 2050¹
- › In response to accelerating containerised freight trends, there is a growing use of rail globally to improve supply chains, particularly in North America and Europe



Containerised Freight: Service Offerings

	Hook & Pull	Line Haul: Wholesale	Line Haul: Wholesale/retail	Full Intermodal
Description	Provision of locomotives (and wagons) to haul third party freight	Freight network, wholesale focus	Freight network, wholesale and retail focus	Freight network, wholesale and retail focus, end-to-end, multi-modal
Customers	1	<10	100+	500+
Freight type	Full Containers	Full Containers	Full & Less-than-Full Containers	Full & Less-than-Full Containers
Footprint	Rollingstock	Rollingstock	Rollingstock, Terminals	Rollingstock, Terminals, Warehousing, Trucking
Aurizon Participation	✓	✓	✗	✗

1. Bureau of Infrastructure and Transport Research Economics, Australian Aggregate Freight Forecasts – 2022 Update (November 2022)

Financial Performance

George Lippiatt
CFO & Group Executive Strategy



Photo: Sunrise at Berrimah Freight Terminal, Northern Territory, Steve Vanderhorst – Terminal Operator

Key financial results¹

Acquisition and higher energy and fuel prices (largely pass through) driving higher revenue (and operating costs). Lower volumes for both Coal and Network impacting revenue

\$m	1HFY2023	1HFY2022	Variance (%)	Variance (\$)	
Revenue	1,694	1,515	12%	179	› Revenue (and operating costs) growth primarily driven by the acquisition of One Rail (completed July 2022) and higher energy and fuel prices (largely pass through)
Operating Costs (Total)	(1,021)	(788)	(30%)	(233)	
<i>Energy & Fuel</i>	(236)	(115)	(105%)	(121)	› Lower volumes for both Coal and Network detracted from revenue
EBITDA	673	727	(7%)	(54)	
<i>Statutory EBITDA²</i>	626	727	(14%)	(101)	› Operating costs (excluding energy, fuel, access and One Rail) increased by 7%
Depreciation & Amortisation	(328)	(293)	(12%)	(35)	› Interest expense increased to \$104m with higher debt levels supporting Bulk growth
EBIT	345	434	(21%)	(89)	› Significant adjustments – \$47m pre-tax acquisition costs for One Rail
NPAT	169	257	(34%)	(88)	
<i>Statutory NPAT²</i>	130	257	(49%)	(127)	› Interim dividend based on 75% of underlying NPAT
EPS	9.2c	14.0c	(34%)	(4.8c)	› Free cash flow ³ impacted by adverse working capital, higher cash taxes and lower EBITDA
<i>Statutory EPS</i>	7.1c	14.0c	(49%)	(6.9c)	
EBITDA Margin	39.7%	48.0%	(8.3ppt)		
ROIC	8.5%	10.4%	(1.9ppt)		
Interim dividend per share	7.0c	10.5c	(33%)	(3.5c)	
Free Cash Flow ³	95	401	(76%)	(306)	

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 (\$47m pre-tax, \$39m post-tax)

3. Free Cash Flow defined as net cash flow from operating activities less non-growth capex and interest paid. It excludes growth capex of \$135m, and acquisition of One Rail Australia (\$1,404m) and cash costs associated with the acquisition (\$39m).

Coal

Prolonged wet weather impacted volumes during the half

Revenue (inc. net access)

\$576m

(5%)

Operating costs

(\$346m)

(9%)

EBITDA

\$230m

(20%)

Tonnes hauled

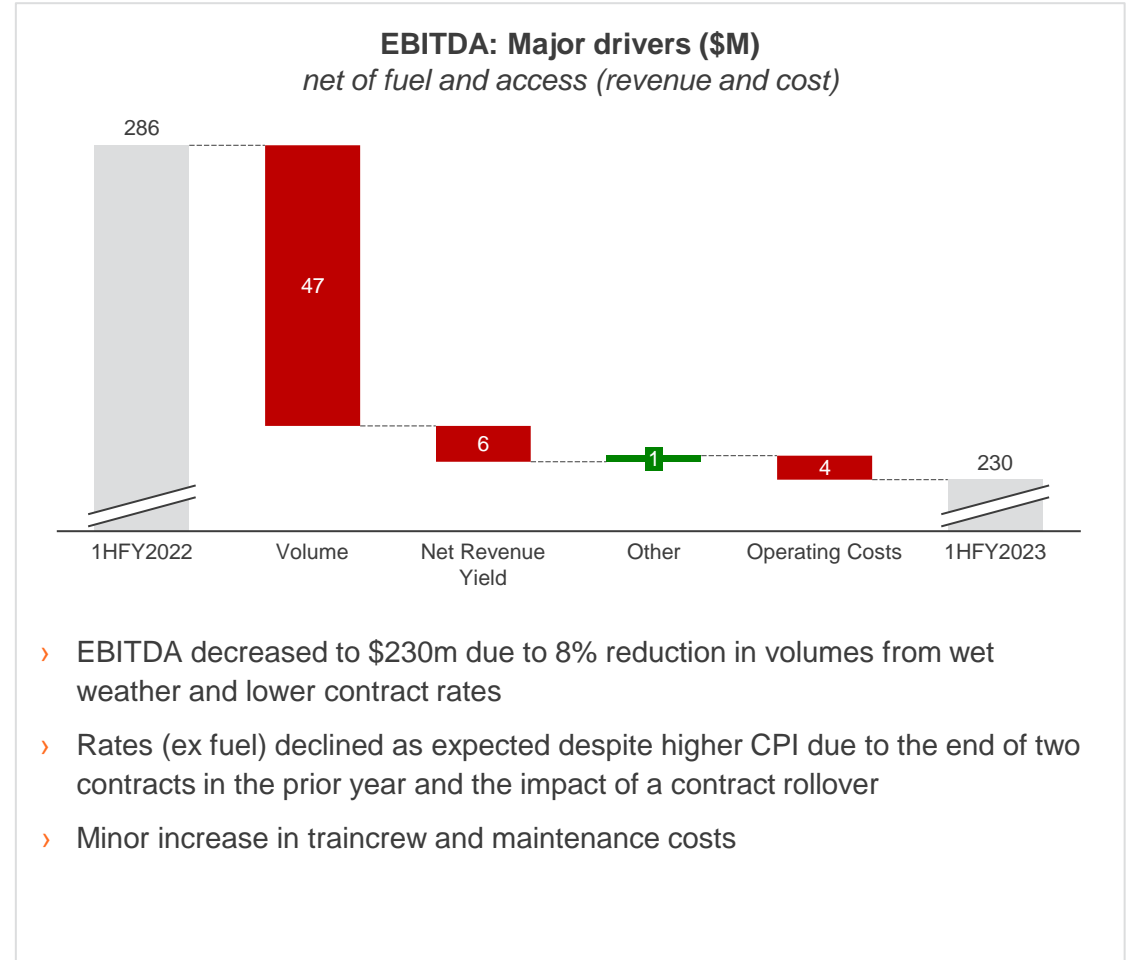
90.5m

(8%)

Commodity Split (Volume)



■ Metallurgical Coal ■ Thermal Coal



Bulk

Strong grain and acquisition of One Rail contributed to EBITDA growth

Total Revenue

\$521m

+51%

Operating Costs

(\$421m)

(57%)

EBITDA

\$100m

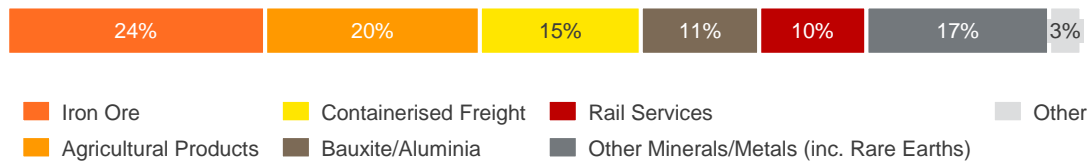
+33%

Rail Tonnes Hauled

33.6m

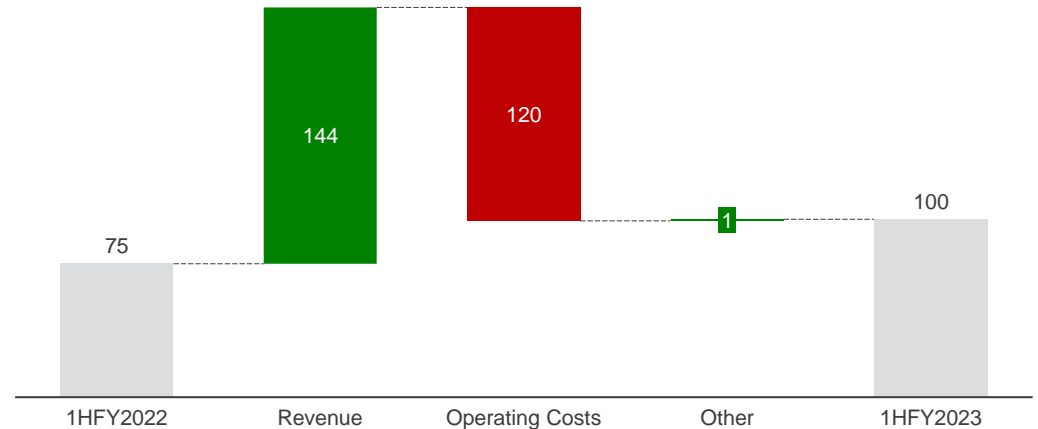
+35%

Business Unit Split (Revenue ex-Access)



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

EBITDA: Major drivers (\$M)
net of fuel and access (revenue and cost)



- > Acquisition of One Rail completed in July, driving an increase in EBITDA to \$100m
- > Bulk West benefitted from increased grain volumes, with Bulk East impacted by wet weather, several derailments and customer specific production issues
- > Cost increase reflects additional volumes and services in addition to One Rail acquisition

Network

Performance reflected lower volumes due to wet weather

Total Revenue

\$614m

+8%

EBITDA

\$363m

(4%)

Operating Costs

(\$251m)

(33%)

Tonnes

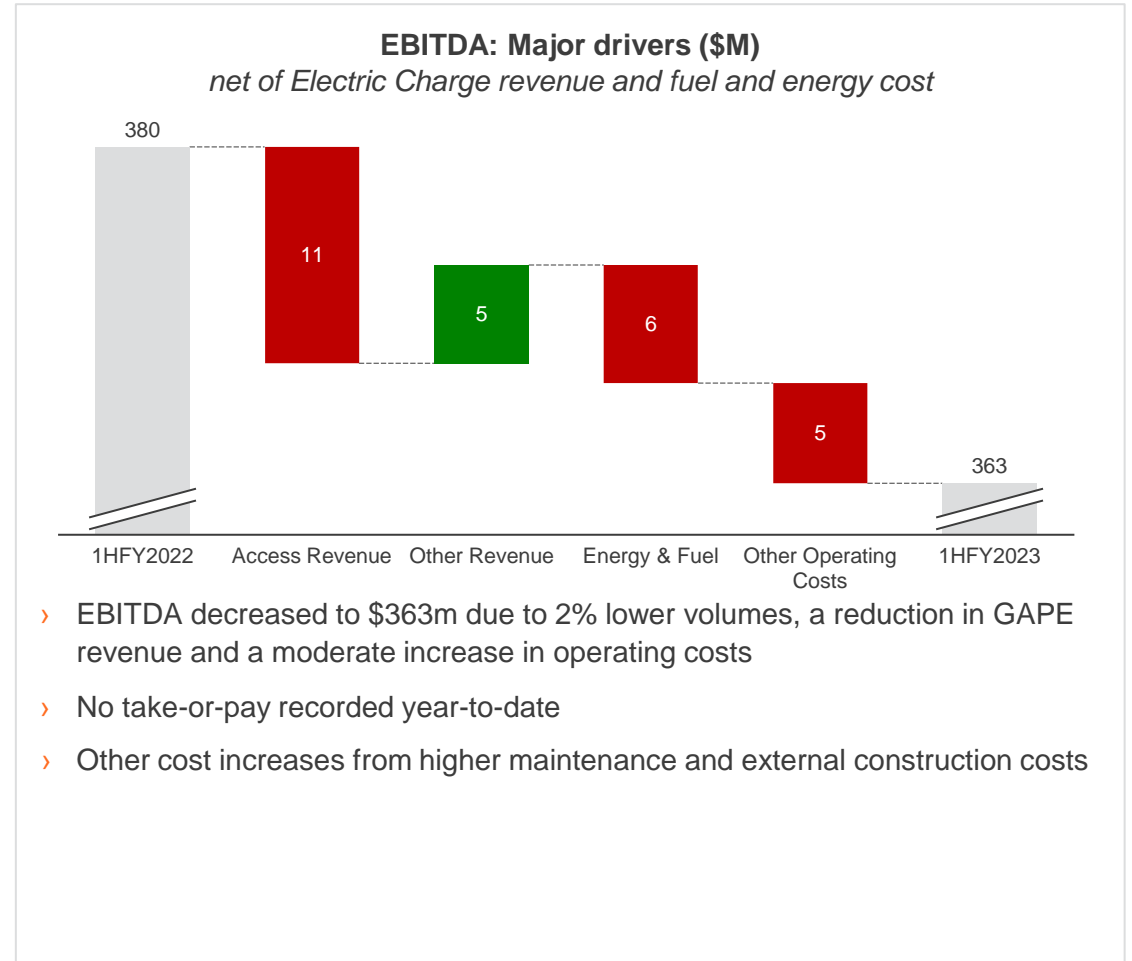
102.9m

(2%)

Commodity Split (Volume)



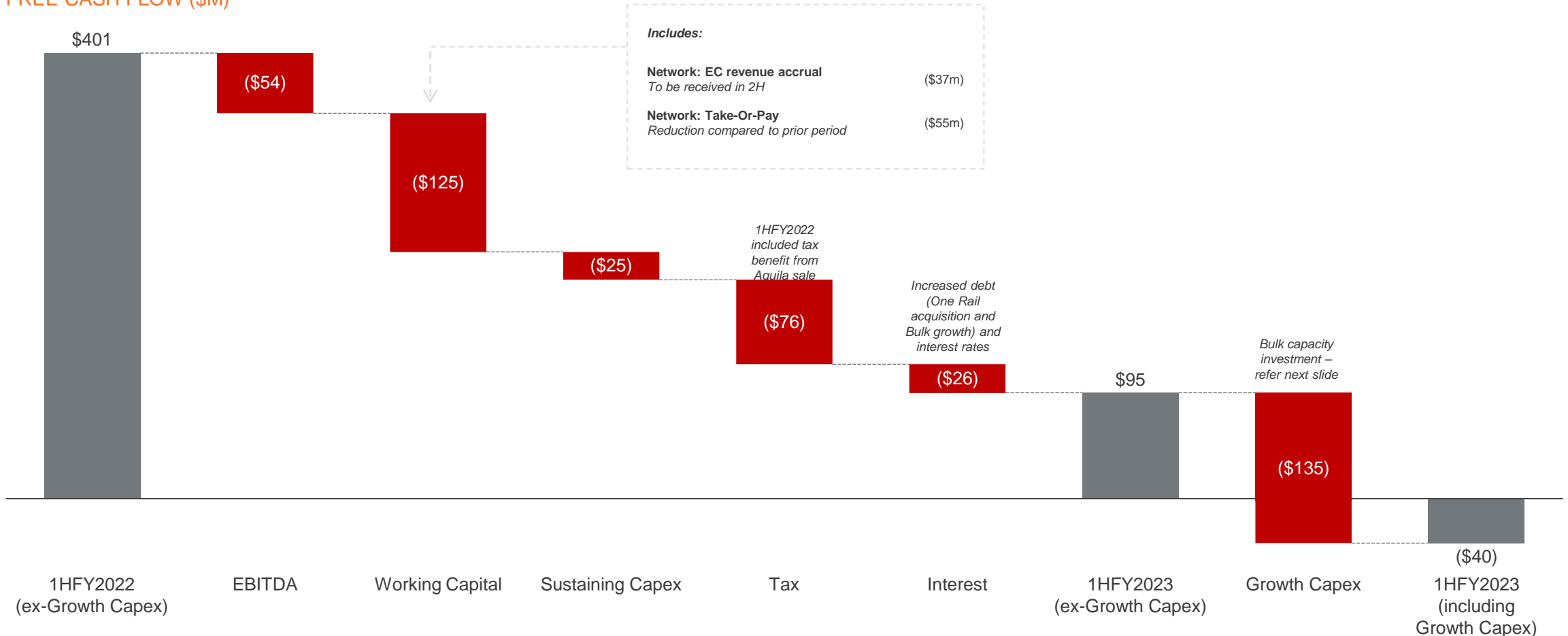
■ Metallurgical Coal ■ Thermal Coal



Free Cash Flow

Impacted by investment in Bulk capacity and timing of working capital movements and tax payments which is expected to normalise in second half and FY2024

FREE CASH FLOW (\$M)¹

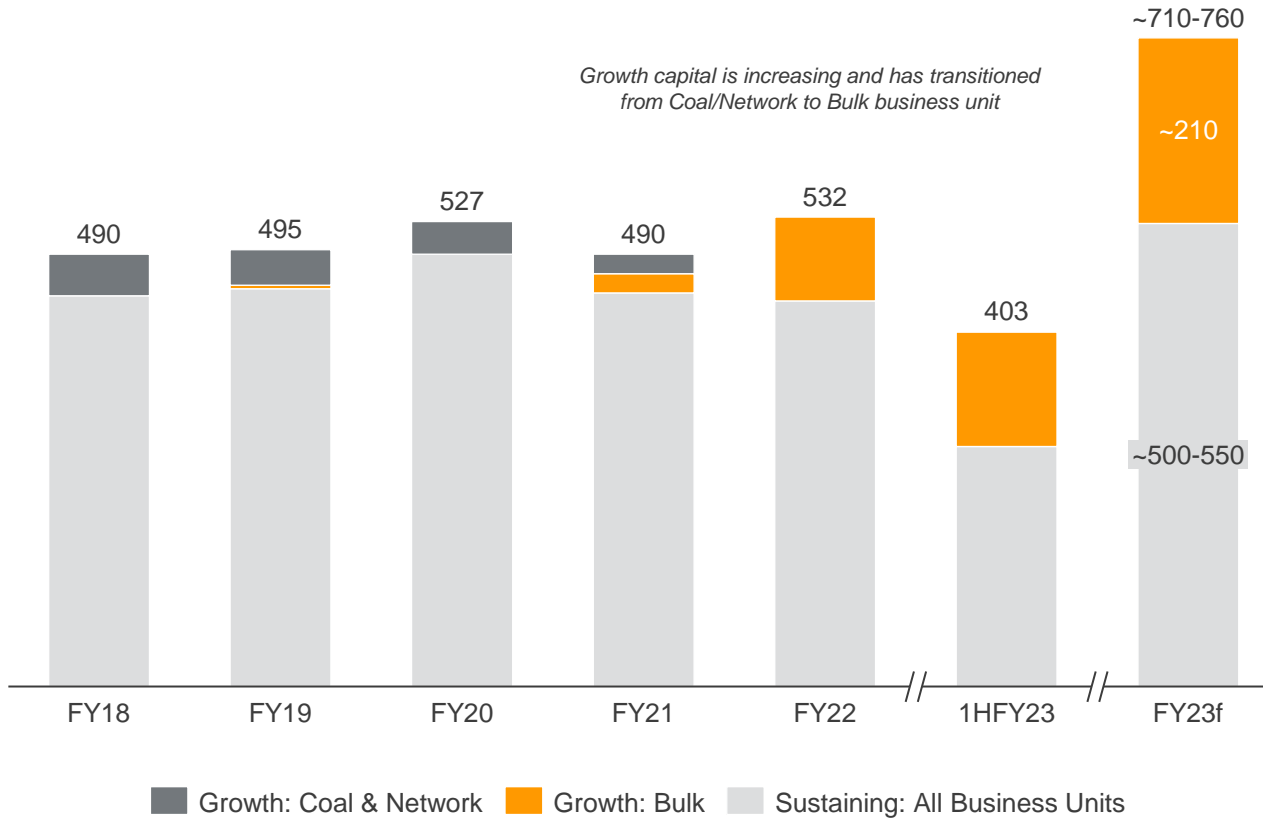


1. Excludes acquisition of One Rail (\$1,404m) and cash costs associated with acquisition (\$39m)

Capex

Bulk growth opportunities driving capital spend over the medium term. FY2023 spend expected to be \$500-\$550m non-growth and ~\$210m growth

CAPITAL EXPENDITURE¹ (\$M)



KEY BULK GROWTH PROJECTS (\$M)

Item	Amount	Timeframe
Rollingstock (Standard gauge supporting mineral sands, grain, copper and containerised freight across Australia)	320	2021-2025
Port Equipment	60	2023-2024
Port Real Estate (Newcastle)	30	2023
Bulk Central: Track Infrastructure (South Australia – gypsum)	20	2023
Total	430	
Spend to date	(200)	
Remaining	230	

Minimum expected IRR: >10%

1. Excluding any M&A activity

Inflation & Interest Rates

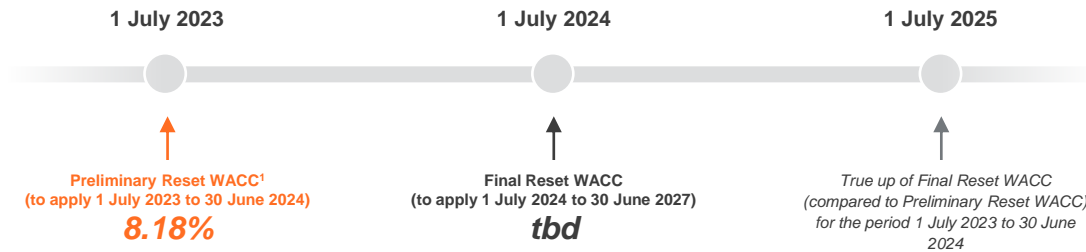
Aurizon has protections from increasing interest rates and inflation

Coal & Bulk: Revenue protection through CPI-linked rate escalations in almost all contracts

Enterprise agreements (EAs): Covering ~70% of EA workforce agreed to since December 2021

Network

UT5: WACC Reset Process

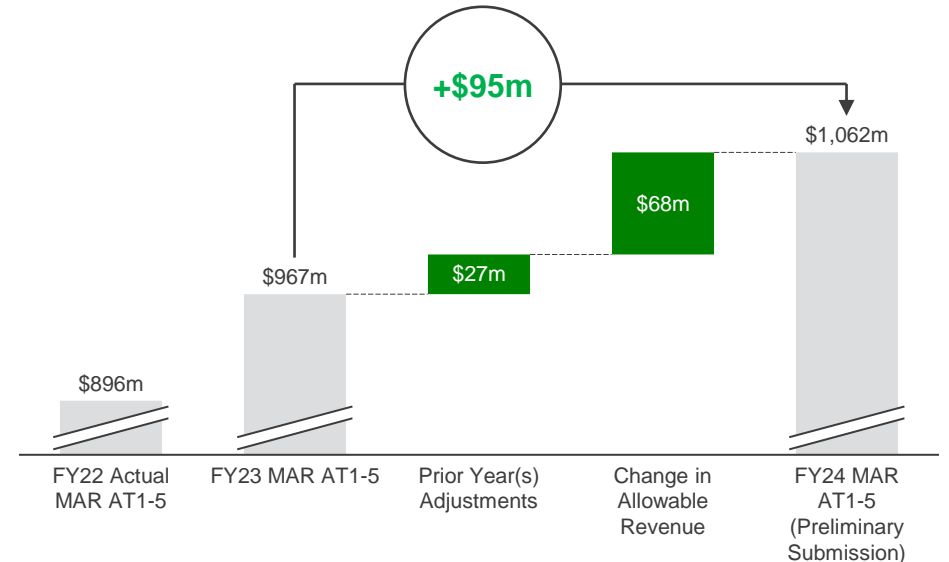


Preliminary WACC Reset
based on market parameters in June 2022

	QCA 2018 Decision	Preliminary Reset	Change
WACC	6.30% <i>to 30 June 2023</i>	8.18% <i>From 1 July 2023</i>	+1.88ppts
<i>Debt Risk Premium¹</i>	<i>2.04%</i>	<i>2.60%</i>	<i>+0.31ppts</i> <i>+0.56% x 0.55 leverage</i>
<i>Risk Free Rate²</i>	<i>1.90%</i>	<i>3.47%</i>	<i>+1.57ppts</i>

Network: Adjusted Maximum Allowable Revenue

Updated WACC and forecast inflation (in addition to adjustments) to add **\$95m** to Adjusted Maximum Allowable Revenue for FY2024



1. Debt Risk Premium - 2.600% - 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 2022 – Aurizon Network notes there is not a prescriptive methodology or criteria. 2. Risk Free Rate - 3.474%– The average rate for Commonwealth of Australia Government nominal bonds using the RBA indicative mid rate with a term of 4 years. The averaging period reflects the 20 business days up to (and including) 30 June 2022. 3. Includes impact of WACC adjustment using a report date of 14 March 2022 (rather than 12 November 2021). See slide 43

Funding update

Debt increased to fund One Rail acquisition and future Bulk growth. Focus remains on lengthening debt tenor and diversifying sources across Network and Operations

FUNDING ACTIVITY

Aurizon Network

- › Issued a \$50m 10-year and \$20m 12-year Private Placement AMTN in December 2022
- › Successful re-financing of existing bilateral bank debt facilities completed in January 2023 with maturities now in FY26-28

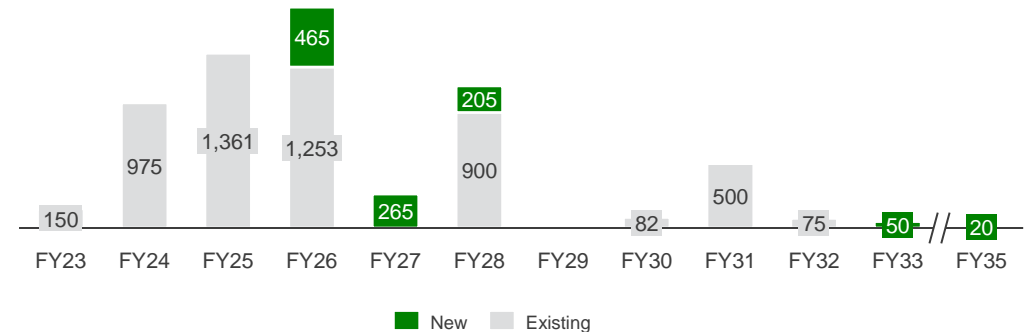
East Coast Rail

- › \$340m US Private Placement (10-year term) issued to refinance existing amortising bank debt (original terms of 2-5 years)
- › All debt will be assumed by Magnetic Rail Group Ltd following completion of the East Coast Rail acquisition
- › Sale proceeds initially used to repay debt

KEY DEBT METRICS ¹	1HFY2023	FY2022
Weighted average maturity ²	3.3 years	3.4 years
Group interest cost on drawn debt	4.0%	3.4%
Group Gearing ³	55.0%	40.9%
Network Gearing ⁴ (excl AFD ⁵)	61.7%	53.7%
Operations & Network Credit Ratings	BBB+/Baa1 ⁶	BBB+/Baa1 ⁶

DEBT MATURITY PROFILE AS AT 31 JANUARY 2023¹ (\$M)

Includes undrawn amounts



1. Excludes impact of East Coast Rail. Refer to slide 43 for additional detail
 2. Calculated on drawn debt, excluding working capital facility. As at 31 January 2023
 3. Group Gearing – net debt / (net debt plus equity)
 4. Network Gearing – net debt / Regulatory Asset Base (RAB)
 5. Access Facilitation Deed (AFD)
 6. S&P/Moody's
 7. Australian Dollar Medium Term Note (AMTN)
 8. Euro Medium Term Note (EMTN)



Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO

Photo: Aurizon Port Services Newcastle (NSW)



FY2023 outlook

EBITDA guidance lowered by 4% reflecting prolonged wet weather and two-week Blackwater derailment outage

FY2023:

- › Group underlying **EBITDA** guidance \$1,420m – \$1,470m
- › Non-growth **capex** guidance of ~\$500m - \$550m and growth capex guidance of ~\$210m

Key assumptions

- › **Coal:** lower EBITDA due to volumes now expected to be lower compared to the prior year, and a revenue yield reduction
- › **Bulk:** revenue and EBITDA growth from increased volumes and services and the inclusion of Bulk Central
- › **Network:** lower EBITDA with volumes now expected to be below regulatory forecast resulting in a revenue under-recovery of ~\$100m, partly offset by take-or-pay of \$60m. The net under-recovery of ~\$40m is to be included in Revenue Cap mechanism in FY2025
- › No further disruptions to commodity supply chains (such as major derailments or extreme/prolonged wet weather)

Investor Day June/July 2023



Photo: Bulk Central opening event at Dry Creek (SA)

Contact and further information

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Additional Information: ESG

February 2023: Launch of Bulk UGL Rail C44aci locomotive, featuring artwork by Aurizon employee Laurie Anno in partnership with fellow members of Aurizon's Indigenous Reference (IRG) Group. Each IRG member contributed to the artwork with finger dot painting. The artwork shows the land we share stretches far and wide, from the highest mountains into sky, beautiful desert sands and tropical rainforest that leads to the water following rivers to the sea. Surrounding our Country are the family totems of each IRG member including the Emu, Dolphin, Whale, Long Neck Turtle, Wedgetail Eagle, Sand Goanna, Red Tail Possum and White Dingo. These totems were handed down by Ancestors to each of them at birth or when they became of age.

Our Environmental, Social and Governance (ESG) contribution

Aurizon continues to build a stronger and sustainable business

NET-ZERO COMMITMENT BY 2050...

- › 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 500 initiatives supported through Community Giving Fund
- › Founding member of Regional Australia Council 2031
- › Partnerships: Queensland Firebirds, Orange Sky, CareerTrackers and Clontarf Foundation

...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 year¹
- Reported against TCFD² since 2017



1. Australian Council of Superannuation Investors: ESG Reporting Trends – A detailed assessment of ESG reporting in ASX200 companies (June 2022)
 2. Task Force on Climate-related Financial Disclosures. See annual Sustainability Report available on Aurizon website.

Climate Strategy and Action Plan

Aurizon is committed to a long-term target of net-zero operational emissions (scope 1 and 2) by 2050

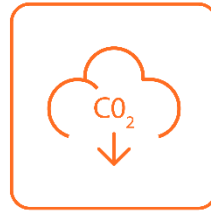
Net-zero operational emissions by 2050



Manage Risk and Build Resilience

We will continue to assess and enhance our processes for managing climate-related risk and leverage opportunities by:

- › Continuing to use scenario analysis to consider transition risks over short, medium and long-term time horizons
- › Continuing to enhance our capability to assess physical risk to key assets and operations
- › Embedding consideration of climate-related risk into risk frameworks and investment standards



Deliver Decarbonisation

Achieving our operational decarbonisation goals will be driven by:

- › Achieving a short-term target to reduce greenhouse gas emissions intensity by 10% by 2030¹
- › Establishing the \$50m *Future Fleet Fund*²
- › Implementing our *Tracking Towards Net-Zero Operational Emissions* initiatives
- › Establishing partnerships and forums for customer and industry collaboration
- › Continuing advocacy for the significant role that rail contributes in the transition to a low-carbon economy



Create Carbon Abatement Opportunities

Our commitment to integrating carbon-neutral and carbon-negative solutions has been incorporated into our *Tracking Towards Net-Zero Operational Emissions* initiatives, and will prioritise:

- › Cost-effective renewable energy to augment supply to our electrified rail infrastructure and real estate portfolio
- › High-quality, credible, verified and co-beneficial carbon offset portfolio development

December 2021: Aurizon announced it is collaborating with Anglo American for the development of a feasibility study to assess the potential deployment of hydrogen-powered trains. If successful, the collaboration between the two companies could be extended to further phases, which could include detailed engineering and the development of a hydrogen fuelled heavy haul locomotive prototype.

1. From a 2021 baseline on a tonnes of carbon dioxide per net tonne kilometre basis
 2. To be dispensed over 10 years

Australian Export Demand – Commodities

Australia export commodities are driven by steel-intensive growth and thermal electricity generation in Asia, in addition to new economy markets and food consumption

COAL

- › **Metallurgical coal** (or coking coal) is primarily used to produce steel, an integral link with economic development
- › Australia exported 161mt of metallurgical coal in CY2022, down 4% against the prior year¹. India remained Australia's largest metallurgical coal export market with export volume of 45mt (28% share)¹
- › India produced a record 125mt² of crude steel in CY2022, an increase of 6% from the prior year
- › The *Office of the Chief Economist* projects crude steel production growth in India of 5.2% per annum from 2021 reaching 160mt in 2027³
- › India coking coal import dependence was 92% for FY2022⁴
- › **Thermal coal** is primarily used as a heat source for energy generation, holding a 36% share of global generation in 2021⁵. Thermal coal is also used as a source of energy in cement production, where around 200 kilograms of coal is required to produce one tonne of cement⁶
- › Australia exported 178mt of thermal coal in CY2022, down 10% against the prior year¹. Almost all Australian thermal coal export volume is destined for Asia (CY2022: 95%)¹

BULK

- › **New economy markets:** The International Energy Agency forecast that by 2040, total mineral demand from clean energy technologies will double in the Stated Policies Scenario, and quadruple in the Sustainable Development Scenario from current demand (2020)⁷. Australia is well positioned to supply this emerging mineral demand, ranking in the top three countries globally for the largest ore reserves in copper, nickel, cobalt, and lithium⁸. The *Office of the Chief Economist* projects Australian production of lithium, nickel and copper to grow annually by 21%, 6% and 2% respectively between 2021 and 2027³.
- › **Infrastructure development:** Iron ore is a bulk commodity that is key to the production of steel. Steel is largely used within the construction, machinery and automotive sectors, but also plays a critical role in clean energy technology. Australia is the largest exporter of iron ore³ and is also the lowest cost (on average) export nation on a delivered basis to China⁹. The *Office of the Chief Economist* projects Australian production of iron ore to grow annually by 3% between 2021 and 2027³.
- › **Food consumption:** Growth in global population drives demand for food (and agricultural-related products such as fertilisers). The United Nations forecasts global population to increase from 8.0 billion in 2022 to 9.7 billion in 2050¹⁰. In addition, food consumption per capita is expected to increase significantly with rising wealth in developing countries leading to higher calorie-intensive diets.

1. Australian Bureau of Statistics

2. World Steel Association

3. Office of Chief Economist, *Resources and Energy Quarterly* (March 2022)

4. India Ministry of Coal, *Coal Directory of India Provisional Coal Statistics (2021-22)*. India financial year (April to March). Domestic washed coal (only) included in calculation

5. International Energy Agency, *World Energy Outlook (2022)*

6. World Coal Association, *Basic Coal Facts*

7. *Mineral demand from clean energy technologies: International Energy Agency, The role of critical minerals in clean energy transition* (May 2021). Key minerals included: cobalt, copper, lithium, nickel, and rare earth elements.

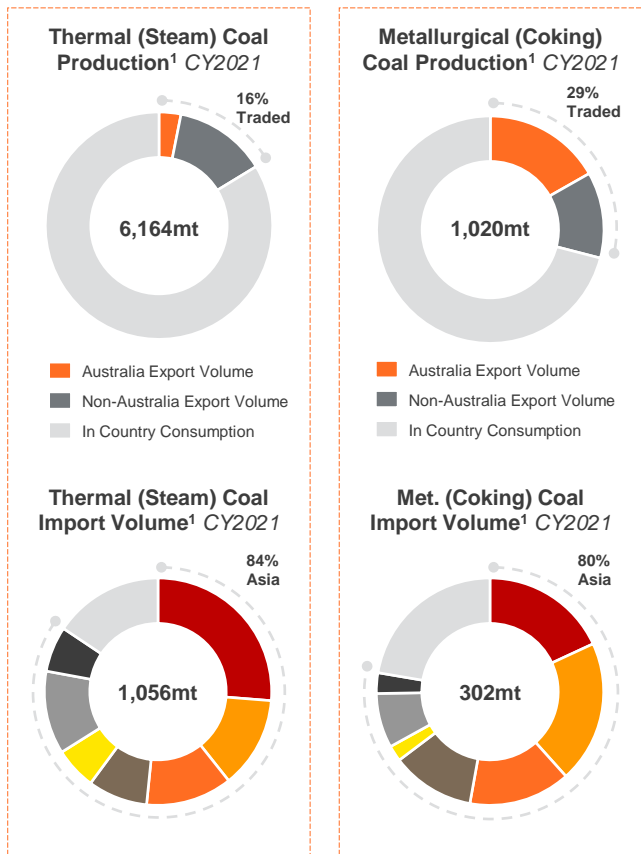
8. Geoscience Australia, *Australia's Identified Mineral Resources 2020*

9. Minerals Council of Australia (*Australian Iron Ore: Where Quality Meets Opportunity*, February 2021)

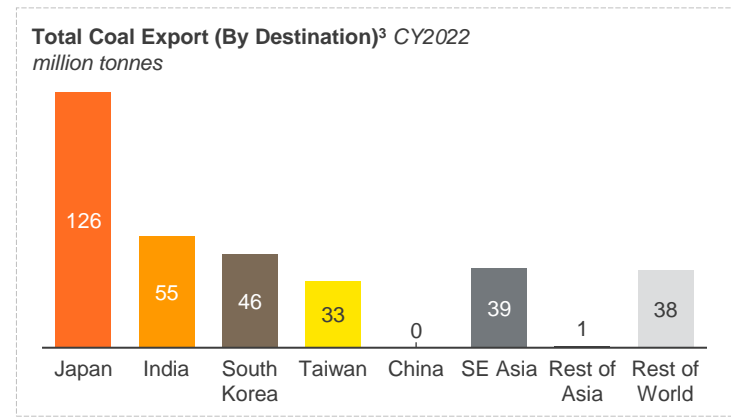
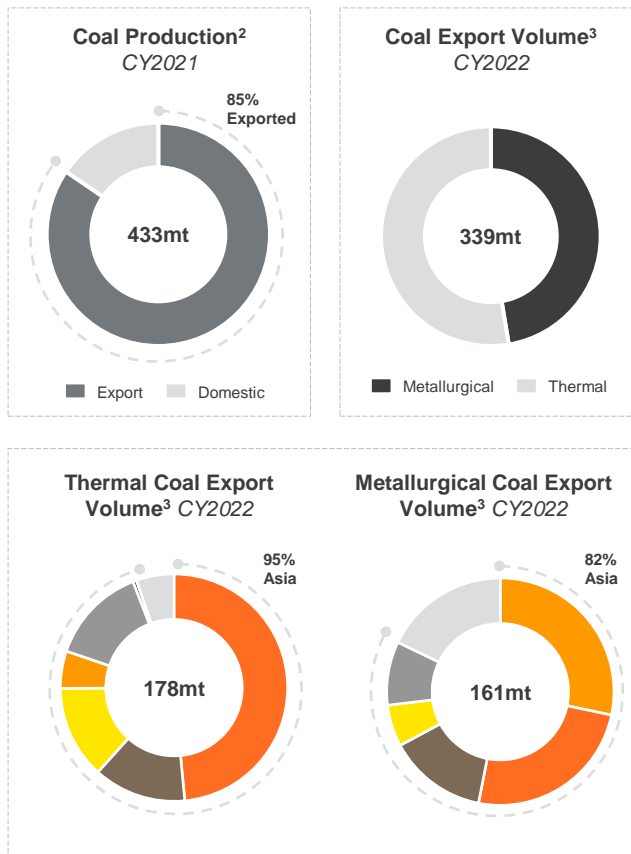
10. United Nations, Department of Economic and Social Affairs. *World Population Prospects 2022*.

Global & Australia Coal Summary

Global

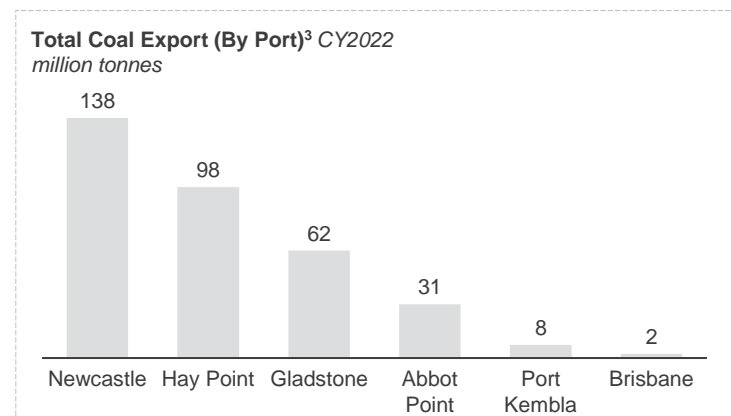


Australia



Export Revenue³
\$142b

Direct Employment⁴
34k



Aust. Electricity Generation Share⁵
40%

Royalties⁶
\$11b

Legend: China (Red), India (Orange), Japan (Dark Orange), South Korea (Brown), Taiwan (Yellow), Southeast Asia (Grey), Rest of Asia (Dark Grey), Rest of World (Light Grey)

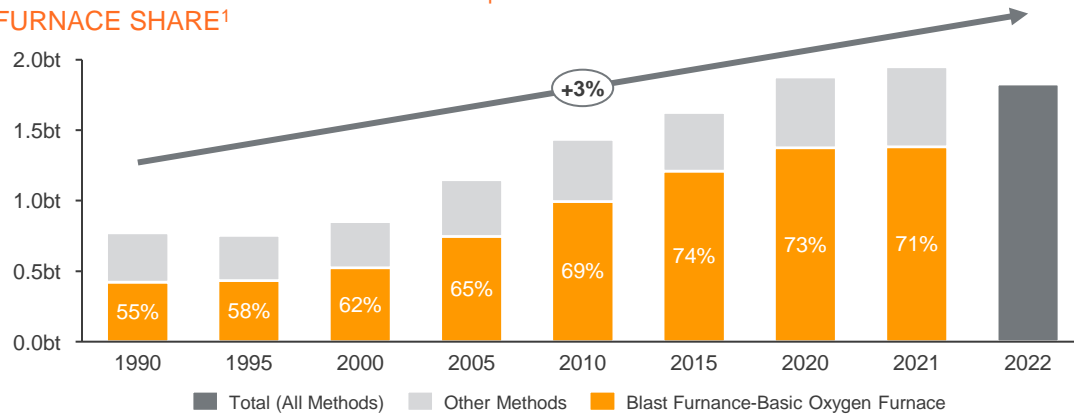
Note: All amounts are in million tonnes (unless otherwise stated). Due to rounding, the sum of individual elements may not equal the corresponding aggregate figure

1. International Energy Agency, Coal Information (July 2022). Production includes both primary extraction in addition to recovered product from slurries, middlings and coal dust. Thermal (Steam) Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal. In Country Consumption is production less export volume. Import volume includes both seaborne and landborne markets. 2. Office of Chief Economist, Resources and Energy Quarterly (March 2022). Domestic calculated as black coal (saleable) production less black coal export volume. 3. Australian Bureau of Statistics, Export Revenue: CY2022. 4. ABS Labour Account Australia (2022). 5. Department of Industry, Science, Energy and Resources (2022), Australian Energy Statistics (FY2021 black coal only). 6. QLD Government 2022-23 Budget Update (FY2022), NSW Department of Mining, Exploration and Geoscience (FY2022)

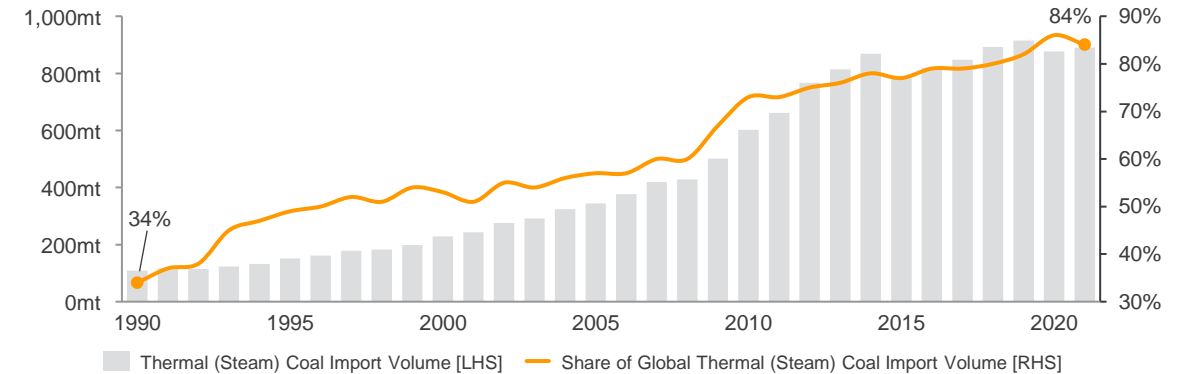
Coal markets

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

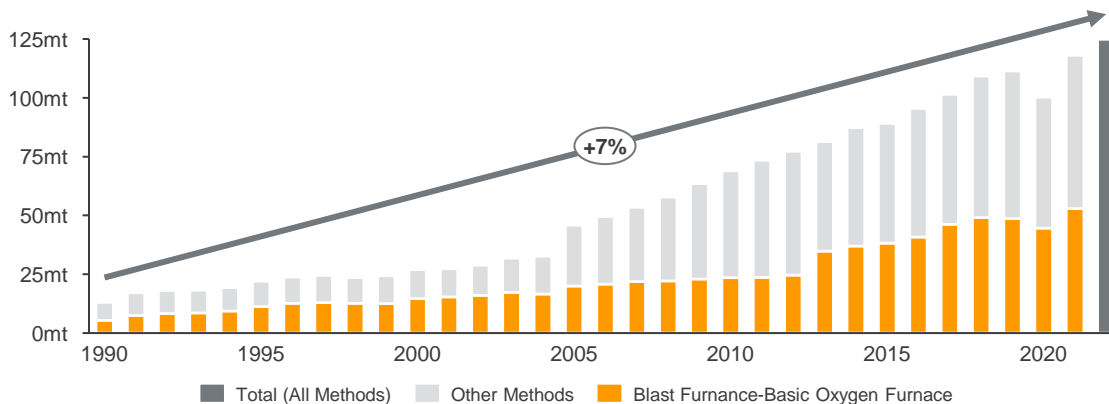
GLOBAL CRUDE STEEL PRODUCTION | BLAST FURNACE-BASIC OXYGEN FURNACE SHARE¹



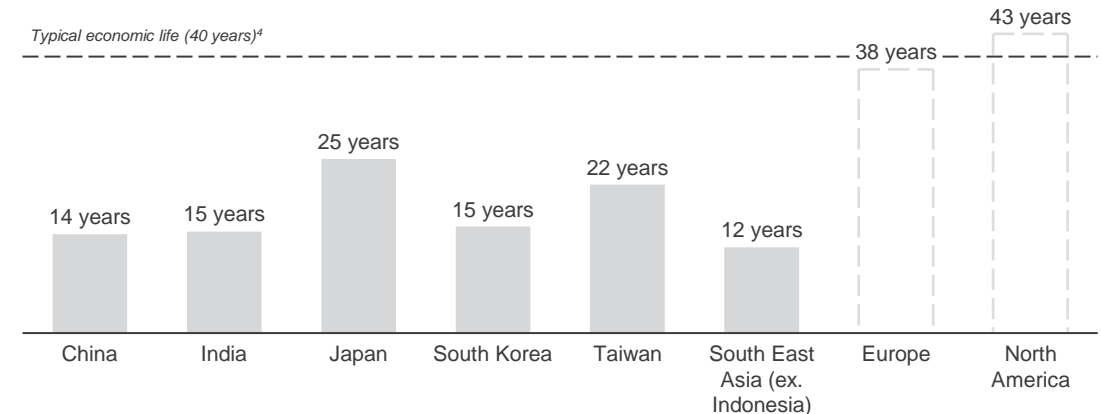
ASIA: THERMAL (STEAM) COAL IMPORT VOLUME | SHARE OF GLOBAL THERMAL (STEAM) COAL IMPORT MARKET²



INDIA: CRUDE STEEL PRODUCTION (BY METHOD)¹



AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY³



1. World Steel Association. Method of crude steel production not (yet) published for 2022

2. International Energy Agency, Coal Information (July 2022). Thermal (Steam) Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal

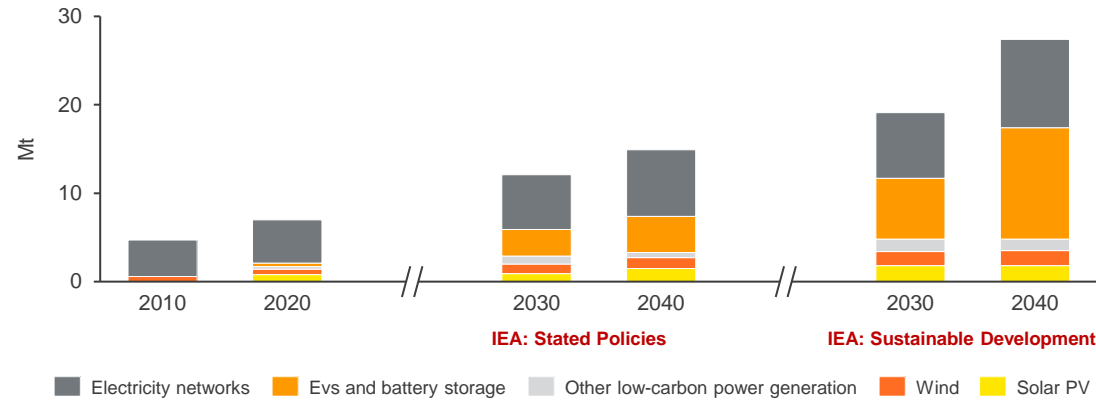
3. S&P Global Market Intelligence World Electric Power Plants Database (September 2022) as at 2023, capacity weighted. Countries ordered by absolute capacity (left to right), followed by South East Asia. Europe and North America added for reference only

4. International Energy Agency, World Energy Investment 2018

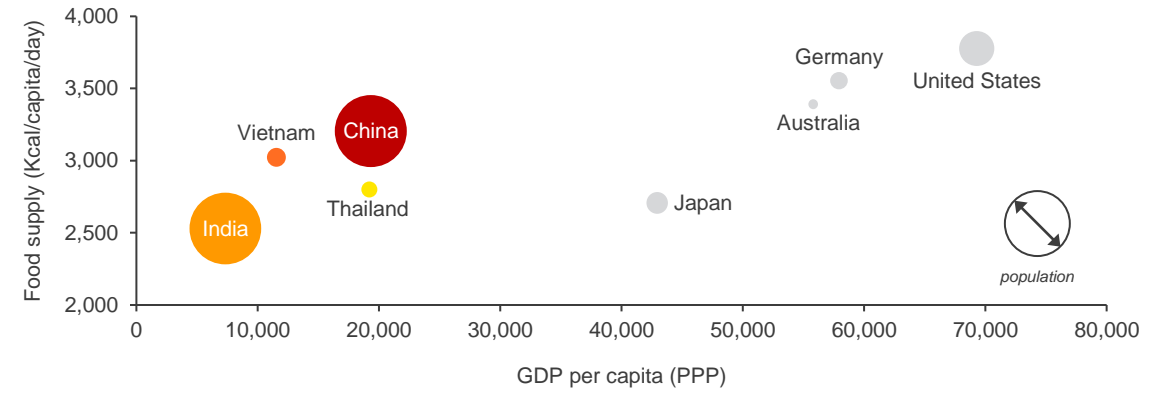
Bulk markets

Demand growth for bulk commodities will be led by the transition to clean energy technologies and rising food consumption in developing nations

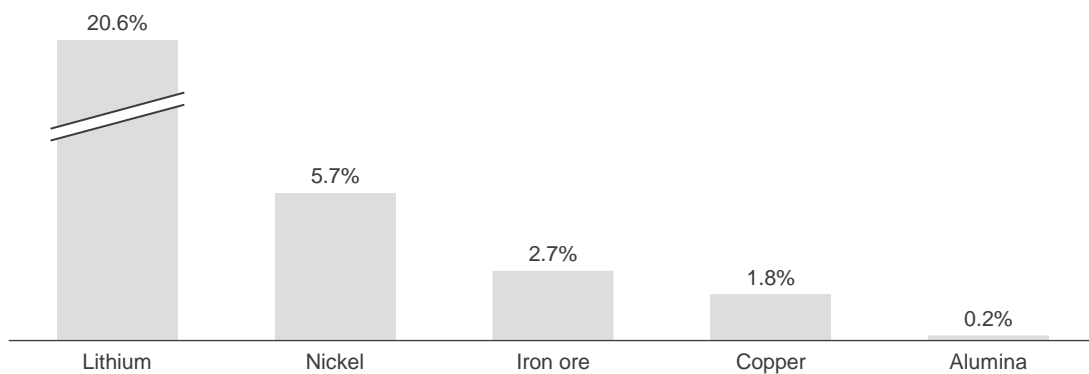
MINERAL DEMAND FROM CLEAN ENERGY TECHNOLOGIES¹



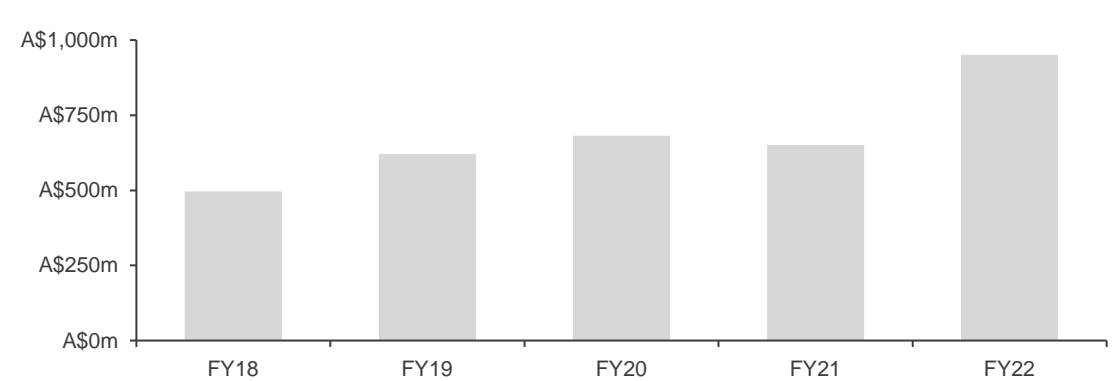
FOOD CONSUMPTION: CALORIES PER CAPITA²⁻³



AUSTRALIA: PRODUCTION GROWTH⁴ CAGR 2021-2027



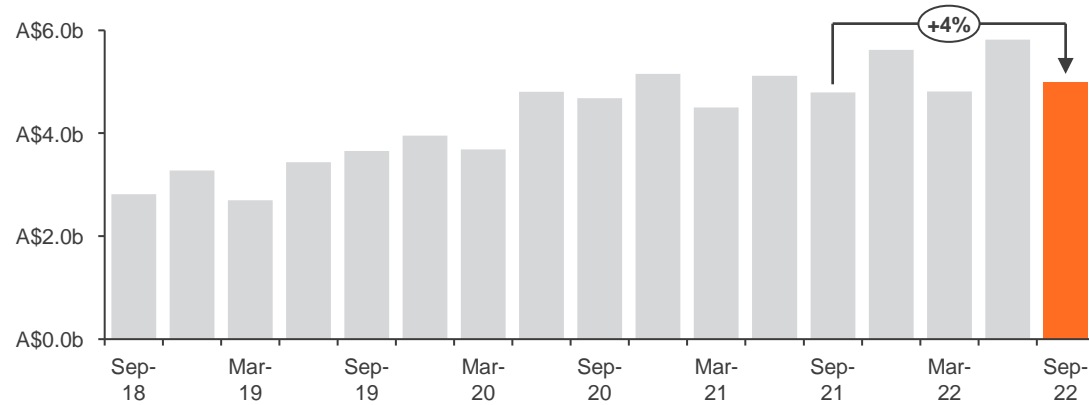
AUSTRALIA: EXPLORATION EXPENDITURE: SELECTED BASE METALS⁵



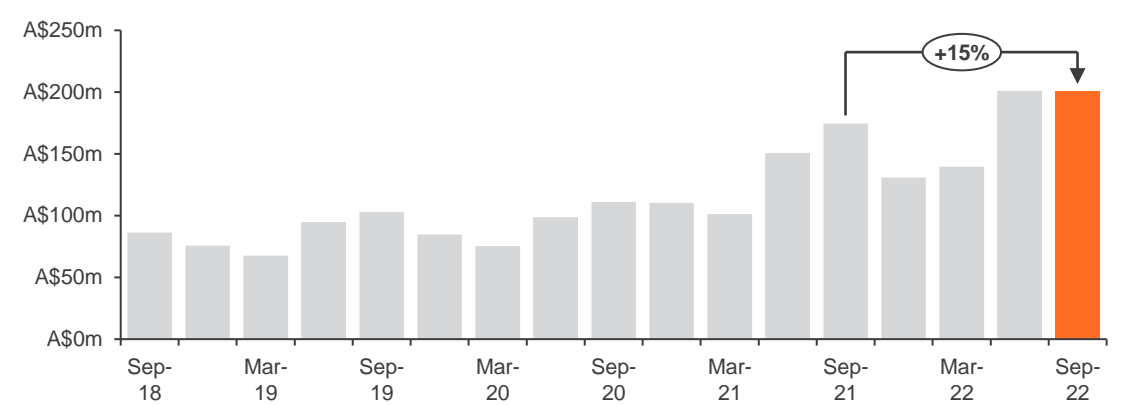
1. International Energy Agency, The role of critical minerals in clean energy transition. Key minerals included: cobalt, copper, lithium, nickel and rare earth elements
 2. GDP (Purchasing Power Parity; current international dollars): World Bank (2021 data), Population: World Bank (2021 data)
 3. Food & Agriculture Organisation of the United Nations (kcal/capita/day, 2018 data)
 4. Office of the Chief Economist – Research and Energy Quarterly (March 2022)
 5. Australian Bureau of Statistics. Selected base metals includes: copper, silver, lead, zinc, nickel and cobalt

Bulk – Australia Capital & Exploration Expenditure

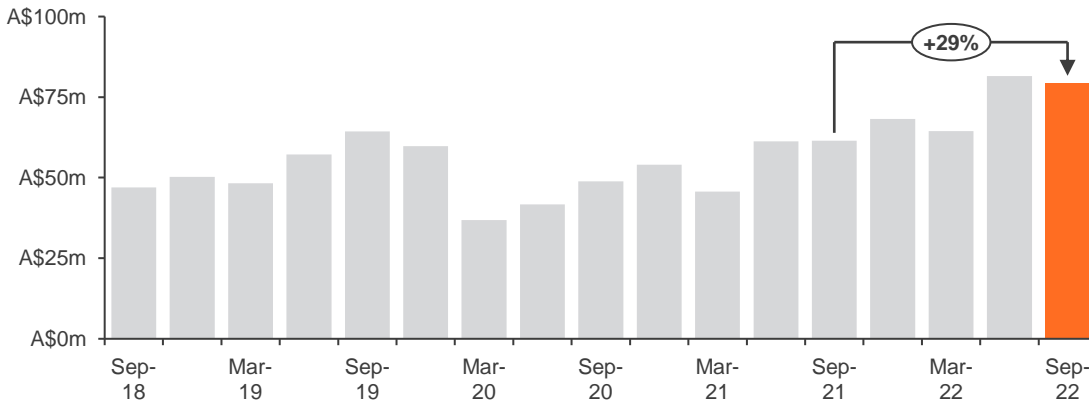
CAPITAL EXPENDITURE: METAL ORE MINING¹



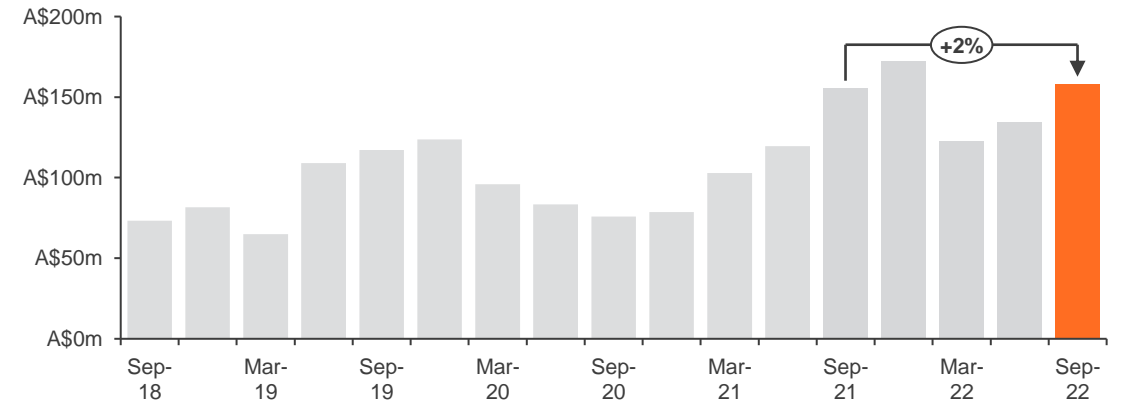
EXPLORATION EXPENDITURE: IRON ORE²



EXPLORATION EXPENDITURE: NICKEL & COBALT²



EXPLORATION EXPENDITURE: COPPER²



1. Australian Bureau of Statistics, Metal ore mining commodities includes: iron ore, bauxite, copper, gold, mineral sands, nickel, silver-lead-zinc and other metal ores.

2. Australian Bureau of Statistics

Remuneration

Short Term and Long Term Incentive Rewards

The **Short Term Incentive Award (STIA)** is remuneration subject to the achievement of pre-defined Company, Business Unit and individual performance measures which are set annually by the Board at the beginning of the performance period. For each component of the STIA, three performance levels are set:

- › Threshold, below which no STIA is paid for that component
- › Target, which typically aligns to relevant corporate plans and budgets, a business improvement targeted outcome or reflects an improvement on historical achievement
- › Stretch, outcomes which are materially better than Target.

At-Target Performance Outcome Calculation

MD & CEO AND SUPPORT FUNCTION PARTICIPANTS



BUSINESS UNIT PARTICIPANTS



Enterprise Measures (EBITDA)	Enterprise Safety Measures (TRIFR, RPS)	Business Unit Measures (EBITDA)	Individual Deliverable Measures (varied)	STIA OUTCOME
------------------------------	---	---------------------------------	--	--------------

The **Long Term Incentive Award (LTIA)** is linked to providing long-term incentives for selected Executives whom the Board has identified as being able to contribute directly to the generation of long-term shareholder returns. This includes the Managing Director & CEO, Group Executives and a number of other management employees. Performance rights awarded under the LTIA vest subject to the satisfaction of company hurdles, measured over a four-year period.

- › **Relative Total Shareholder Return.** 2022 Award (25% weighting): 30% of rights vest at the 50th percentile; 75% of rights vest at the 62.5th percentile; 100% of rights vest at the 75th percentile.
- › **Return on Invested Capital.** 2022 Award (50% weighting): 50% of Rights vest with an average ROIC of 9.5% 100% of Rights vest with an average ROIC of 10.5%.
- › **Strategic Transformation.** 2022 Award (25% Weighting): 50% of Rights vest with Non-Coal Underlying EBITDA growth of 45%; 100% of Rights vest with Non-Coal Underlying EBITDA growth of 60%

See Annual Report for complete remuneration details

[Picture to be added]

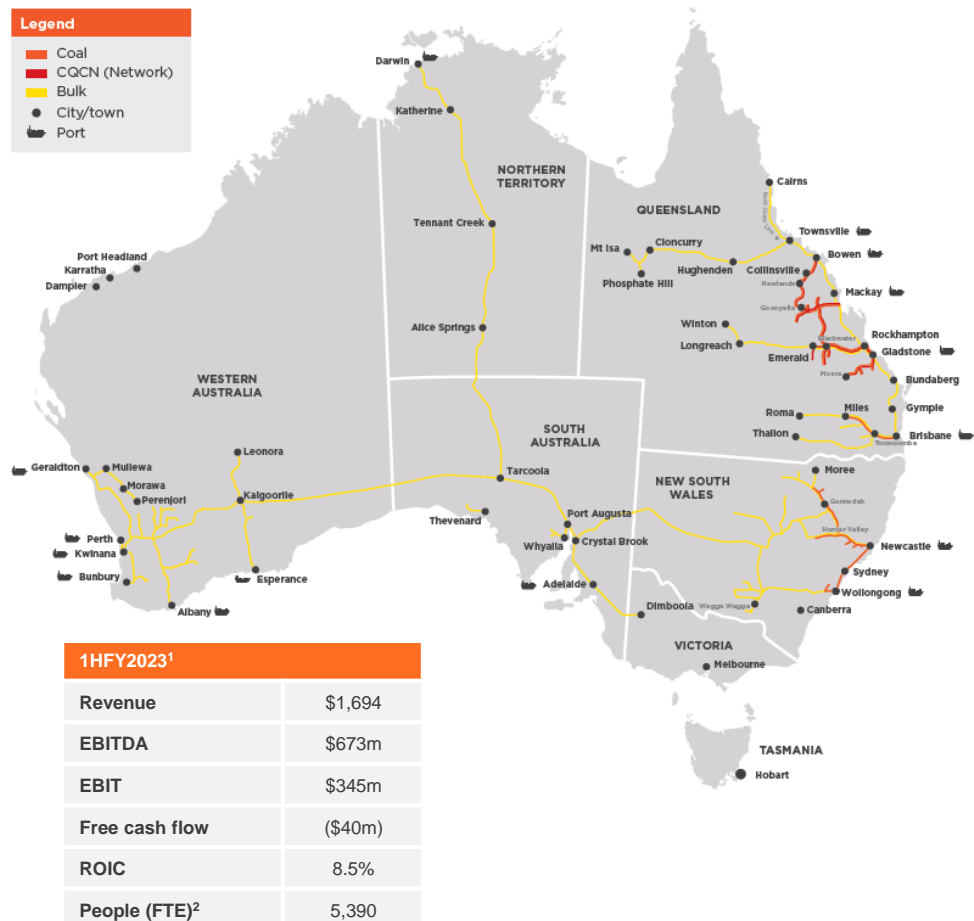
Additional Information: Group

Photo: Rankin Dam rail siding (Tarcoola to Darwin rail network) about 37kms south west of Coober Pedy in the South Australian outback, Brian Shortt – Regional Operations Manager Dry Creek (SA)



Overview

Aurizon is Australia's largest rail-based transport business with broad commodity exposure across above and below rail services, and port terminals



Below Rail

Network



- Operation of the Central Queensland Coal Network (2,670km), critical infrastructure supporting ~90% of Australian metallurgical coal export volume
- Regulated below rail asset base
- 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

Above Rail

Coal

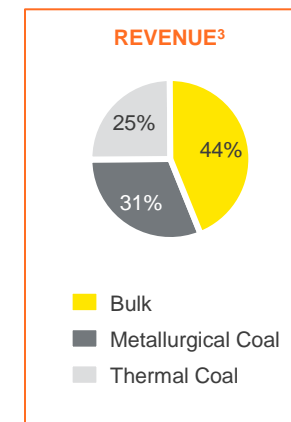


- Largest hauler of metallurgical coal in Australia
- Only rail operator with services to all nine coal export terminals on East Coast
- Coal hauled is approximately split evenly between metallurgical coal and thermal coal, with demand linked to Asian steel production and energy generation

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



1. All amounts are underlying and on a continuing basis (unless otherwise identified)

2. As at 31 December 2022

3. Revenue (1HFY2023) is the sum of the Coal (excluding all track access) and Bulk (excluding external track access) business units and excludes the Network business unit

Strategic objectives

Resilient Network and Coal businesses supporting Bulk growth and shareholder returns

Resilient Network and Coal businesses

Safety, cost, productivity and capital focus supports Bulk growth

Growing bulk business

Aspiration to double the size of the Bulk business by 2030¹

Evolving mix reduces thermal coal exposure

Outcome from achieving Bulk aspiration is revenue from haulage of thermal coal to fall to less than 20% of Above Rail portfolio by 2030

1. To be reviewed following on from the acquisition of One Rail Australia

Purpose, Vision, Values and Strategic Levers

Purpose

Growing regional Australia by delivering bulk commodities to the world

Vision

The first choice for bulk commodity transport solutions

Values

SAFETY

We know safe, we choose safe

PEOPLE

We seek diverse perspectives

INTEGRITY

We have the courage to do the right thing

CUSTOMER

We strive to be the first choice for customers

EXCELLENCE

We set and achieve ambitious goals

Strategic Levers



OPTIMISE

our existing core business



EXCEL

to create competitive advantage

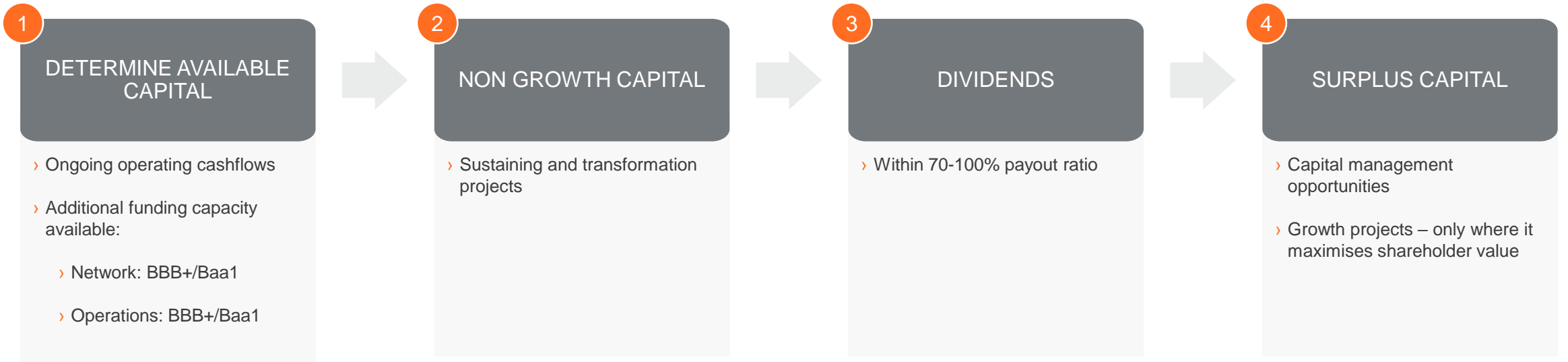


EXTEND

to support long-term sustainable growth

Prioritisation of capital

CAPITAL ALLOCATION HIERARCHY



Above Rail volumes

	Quarter Ending					Financial year to date			
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Variance ¹	1HFY2022	1HFY2023	Variance ¹
Coal volumes (million tonnes)									
CQCN	33.4	34.3	36.5	33.1	33.8	1%	70.3	66.9	(5%)
NSW & SEQ	13.9	11.2	13.4	11.6	12.1	(13%)	28.4	23.6	(17%)
Total	47.3	45.5	49.9	44.7	45.8	(3%)	98.7	90.5	(8%)
Coal NTK (billion)									
CQCN	8.4	8.5	9.0	8.2	8.3	(1%)	17.8	16.5	(7%)
NSW & SEQ	2.6	2.0	2.5	2.2	2.2	(15%)	5.4	4.4	(19%)
Total	11.0	10.5	11.5	10.4	10.5	(5%)	23.2	20.9	(10%)
Bulk volumes (million tonnes)	12.9	12.9	13.2	15.7	18.0	40%	24.8	33.7	36%
Above Rail Volumes (mt)	60.2	58.3	63.1	60.3	63.8	6%	123.5	124.2	1%

1. Variance compared to the previous corresponding period
 Note: Due to rounding, the sum of components may not equal the corresponding total

Enterprise Agreements

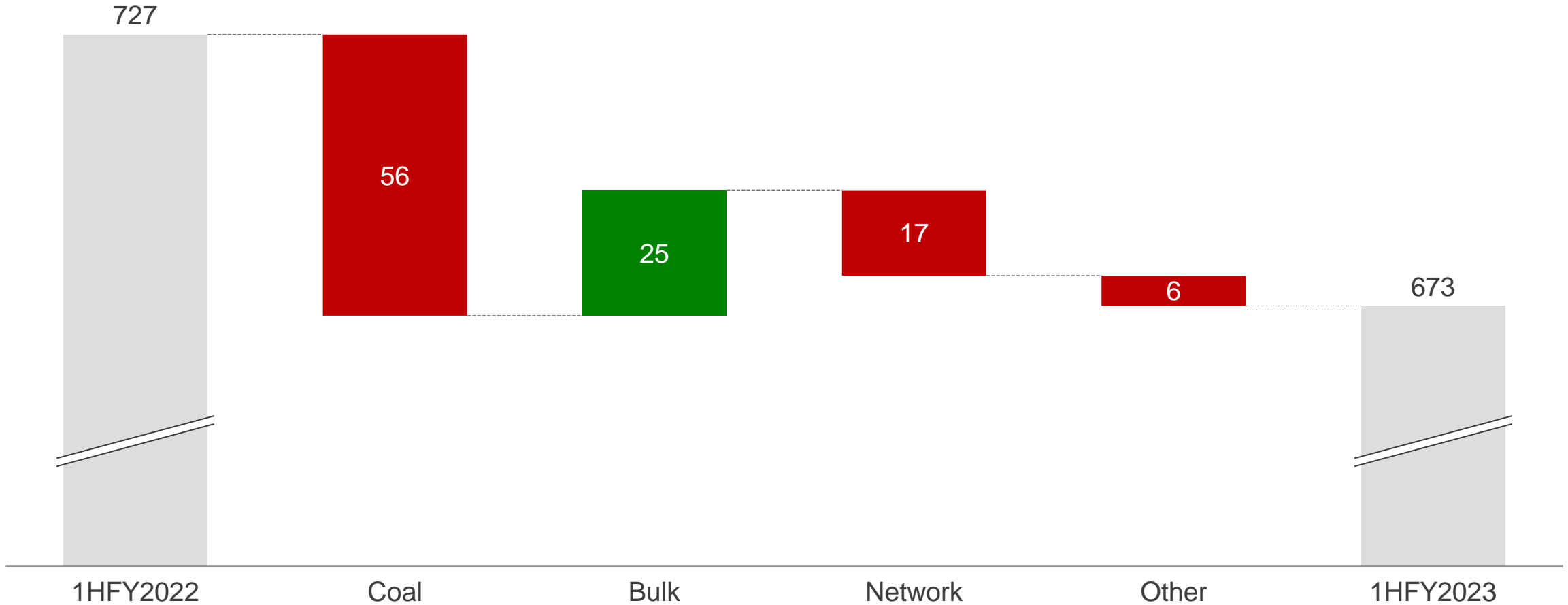
Enterprise Agreement		# Staff Covered (approx.)	Term (years)	Expiry Date	Headline Increases				Status
					Year 1	Year 2	Year 3	Year 4	
SA/NT Bulk Maintenance ¹		70	3	4 Feb 2023	4.0%	4.0%	2.0%		Bargaining
QLD Infrastructure		550	4	27 May 2023	2.1%	2.1%	2.25%	2.25%	Planning
SA/NT Bulk Rail Operations ¹		170	4	16 Dec 2023	3.0%	3.0%	3.0%	3.0%	
QLD Bulk	Traincrew & Transport Operations	370	1	24 Jan 2024	5.3%				Positive Employee Ballot ²
	Maintenance				5.3%				
SA/NT Bulk Infrastructure ¹		40	4	9 Mar 2024	3.0%	3.0%	3.0%	3.0%	
SA/NT Bulk Terminal Operations ¹		~	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%			Complete
WA Bulk Rollingstock Maintenance		90	4	10 May 2025	3.0%	3.0%	2.5%	2.0%	Complete
NSW Coal		300	4	10 Nov 2025	2.5%	2.5%	2.5%	2.5%	Complete
QLD Port Services		60	4	1 Nov 2025	-	-	3.0%	3.0%	Complete
QLD Coal	Traincrew & Transport Operations	1,200	3	~ Feb 2026	4.25% - 4.5%	3% - 4%	3% - 4%		Positive Employee Ballot ²
	Maintenance				5.0%	3% - 4%	3% - 4%		
QLD Staff		700	4	30 Jan 2027	4.5%	3% - 4%	3% - 4%	3% - 3.5%	Positive Employee Ballot ²

1. Transferred OneRail Enterprise Agreements
 2. Approval from Fair Work Commission pending

Underlying EBITDA¹ by business unit (\$m)

	1HFY2023	1HFY2022	Variance	2HFY2022
Coal	230	286	(20%)	255
Bulk	100	75	33%	56
Network	363	380	(4%)	421
Other	(20)	(14)	(43%)	9
EBITDA	673	727	(7%)	741

Underlying group EBITDA bridge¹ (\$m)



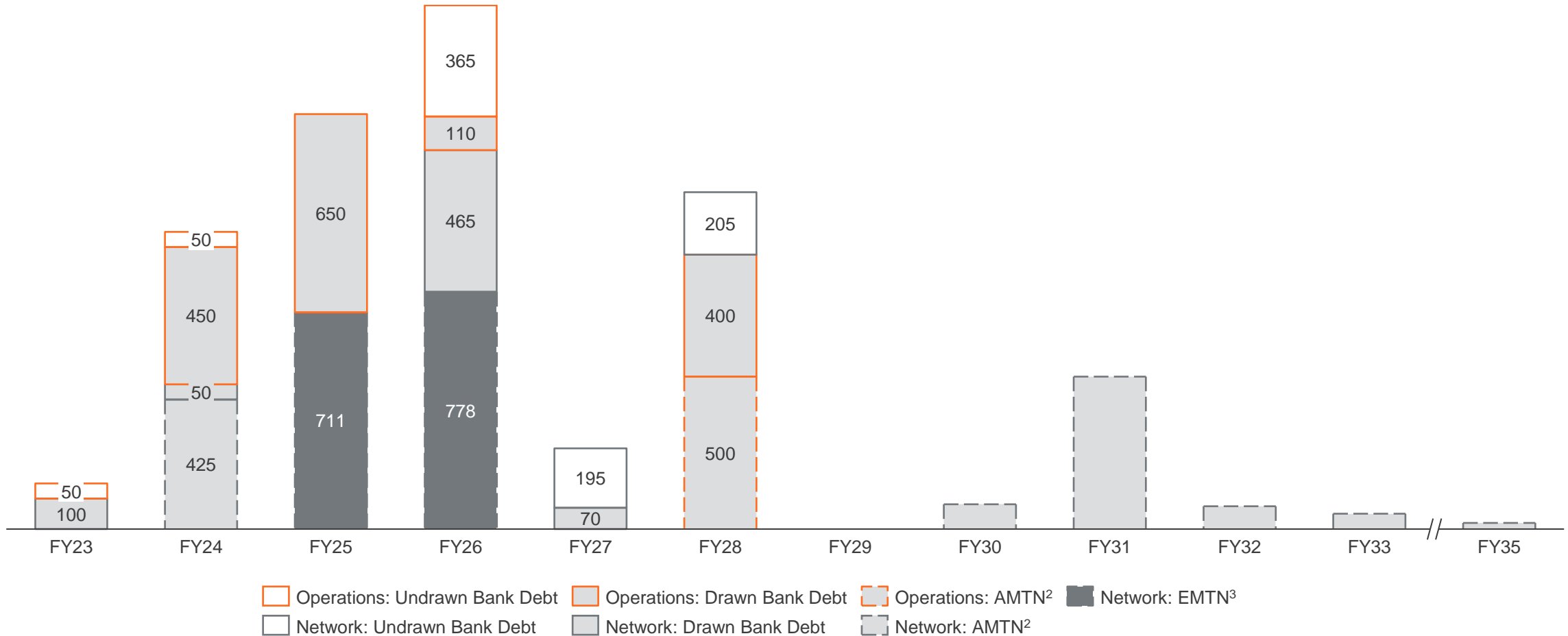
1. Continuing operations
 Note: Due to rounding, the sum of components may not equal the corresponding total

Balance sheet summary (\$m)

	31 December 2022	30 June 2022	31 December 2021
Assets classified as held for sale	962	-	-
Other current assets	923	860	675
Total current assets	1,885	860	675
Property, plant and equipment (PP&E)	9,910	8,416	8,465
Other non-current assets	411	400	437
Total non-current assets	10,321	8,816	8,902
Total Assets	12,206	9,676	9,577
Liabilities directly associated with assets classified as held for sale	(527)	-	-
Other current liabilities	(673)	(713)	(602)
Total borrowings	(5,341)	(3,221)	(3,550)
Other non-current liabilities	(1,389)	(1,330)	(1,131)
Total Liabilities	(7,930)	(5,264)	(5,283)
Net Assets	4,276	4,412	4,294
Gearing (net debt / (net debt + equity))	55.0%	40.9%	44.4%

Debt Maturity Profile

As at 31 January 2023¹ (\$m)

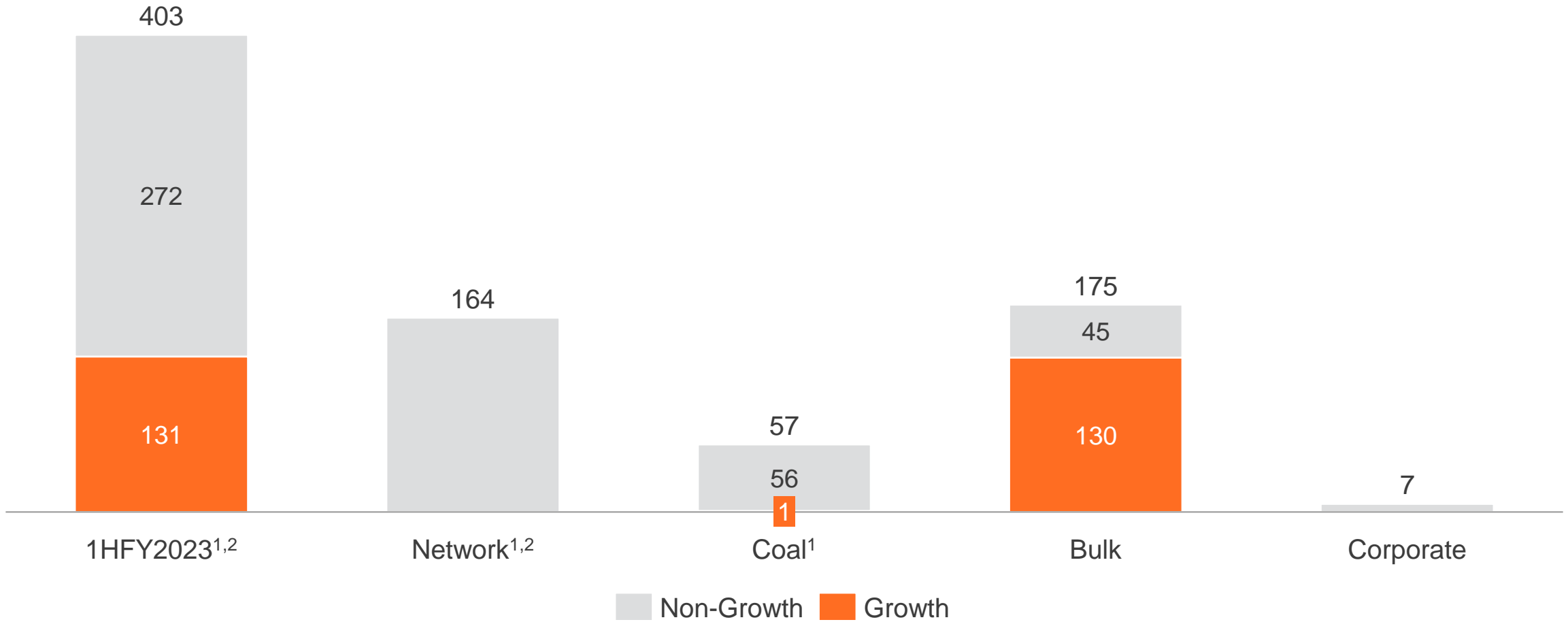


1. Excludes impact of East Coast Rail
 2. Australian Dollar Medium Term Note
 3. Euro Medium Term Note

Reconciliation of borrowings

	\$m	Commentary
Total debt including working capital facility	5,577	Borrowings on a cash basis
<i>Reconciliation to Financial Statements</i>		
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	(13)	
Discounts on bonds	(6)	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	(223)	Accumulated fair value hedge mark-to-market adjustment on bonds in accordance with AASB 9
Total adjustments	(236)	
Total borrowings per financial report	5,341	Current and non-current borrowings

Group and business unit capital expenditure (\$m)

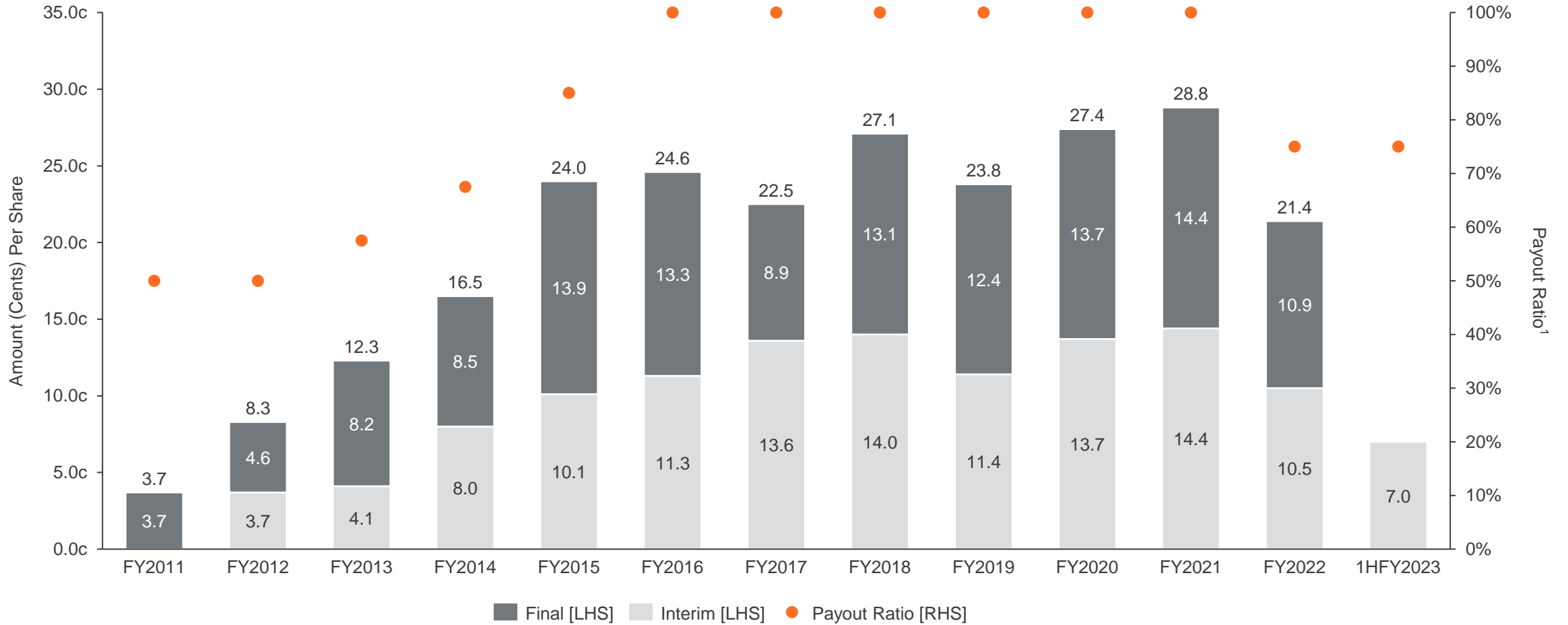


Note: Due to rounding, the sum of components may not equal the corresponding total

1. Includes capitalised interest

2. Net of externally funded payments

Dividend history



1. A simple average of the payout ratio is used. From FY2018, payout ratio is based on underlying NPAT for continuing operations

Legal matters



WIGGINS ISLAND RAIL PROJECT (WIRP)

- › Earlier Court of Appeal decision confirmed that ongoing WIRP fees are payable until August 2035, and WIRP fees have been billed to WIRP Customers accordingly
- › 18 December 2020: Aurizon commenced proceedings in the Supreme Court of Queensland to appeal the Expert's Determination. The Determination reduced the quantum of WIRP Fees payable, and the appeal sought to reverse the reduction
- › July 2022: Network settled all disputes with WIRP customers under their respective WIRP Deeds

LEGAL PROCEEDINGS AGAINST G&W

- › 17 September 2019: Aurizon commenced proceedings against G&W seeking damages and declarations for a breach of long-standing contractual rights held by Aurizon concerning G&W's Australian assets (One Rail Australia)
- › Matter is currently before the Supreme Court of New South Wales

DECLARATORY RELIEF

- › On 15 December 2022, the Queensland Competition Authority rejected the FY2022 Revenue Adjustment Amounts submission, taking the view that the WACC uplift did not apply from 12 November 2021 but instead from 14 March 2022 (the date upon which Network submitted its Detailed Report in response to the ICAR).
- › On 20 January 2023, Network submitted an amended FY2022 Revenue Adjustment Amounts submission in compliance with the QCA's decision (so as to ensure the other aspects of the QCA's decision could operate without delays arising) and reserved its rights in relation to the proper interpretation of the Report Date.
- › 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 Report Date.

Additional Information: Coal

Photo: Coal Train, South-East Queensland

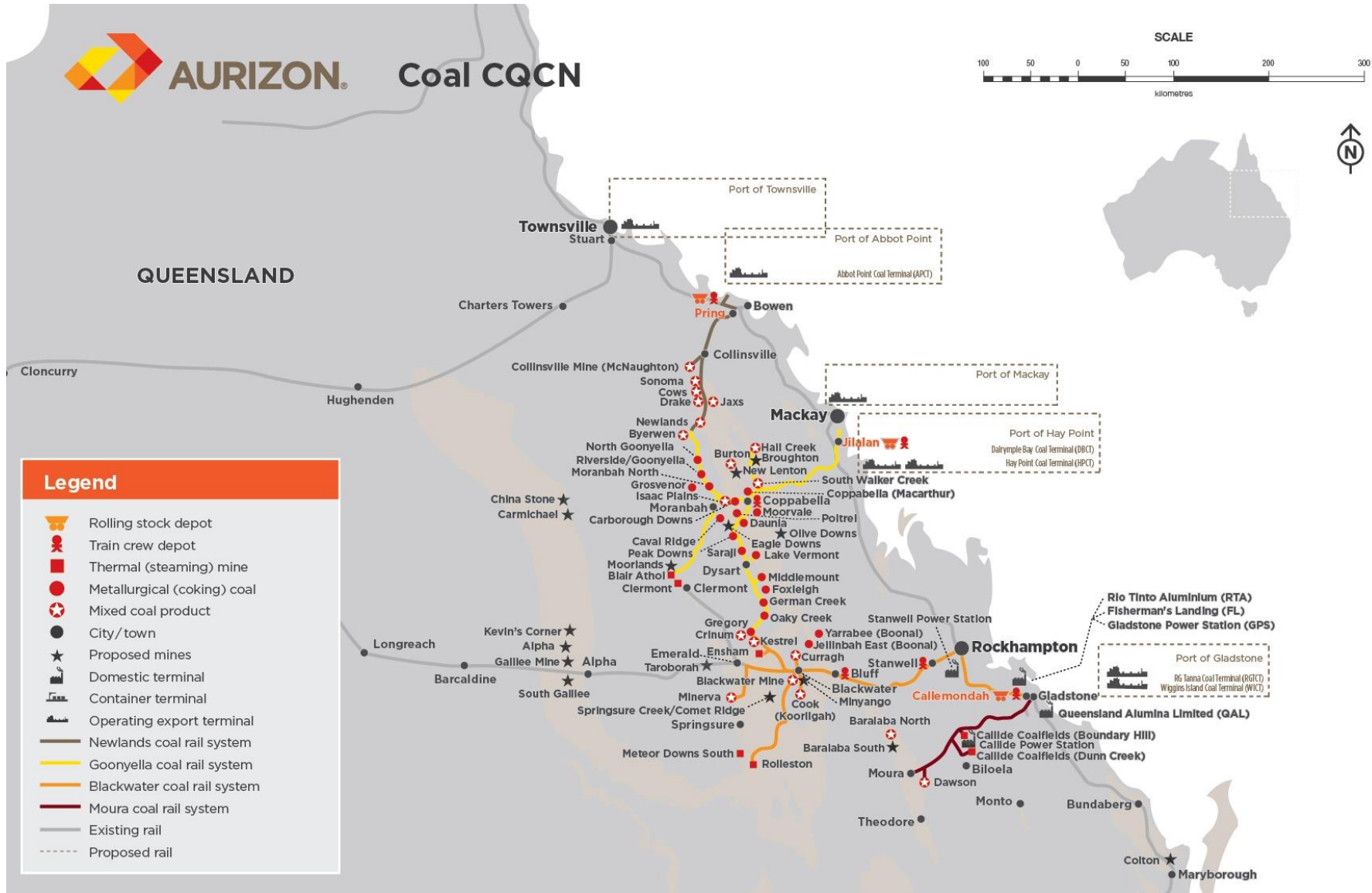
Coal

\$m	1HFY2023	1HFY2022	Variance	2HFY2022
Above rail ¹	582	610	(5%)	585
Track access ¹	175	184	(5%)	176
Other	4	2	100%	3
Total Revenue	761	796	(4%)	764
Access costs	(185)	(192)	4%	(184)
Operating costs	(346)	(318)	(9%)	(325)
EBITDA	230	286	(20%)	255
Depreciation & Amortisation	(100)	(104)	4%	(104)
EBIT	130	182	(29%)	151
Tonnes (m)	90.5	98.7	(8%)	95.3
NTKs (b)	20.9	23.2	(10%)	22.0
Contract utilisation	78%	83%	(5ppts)	85%

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

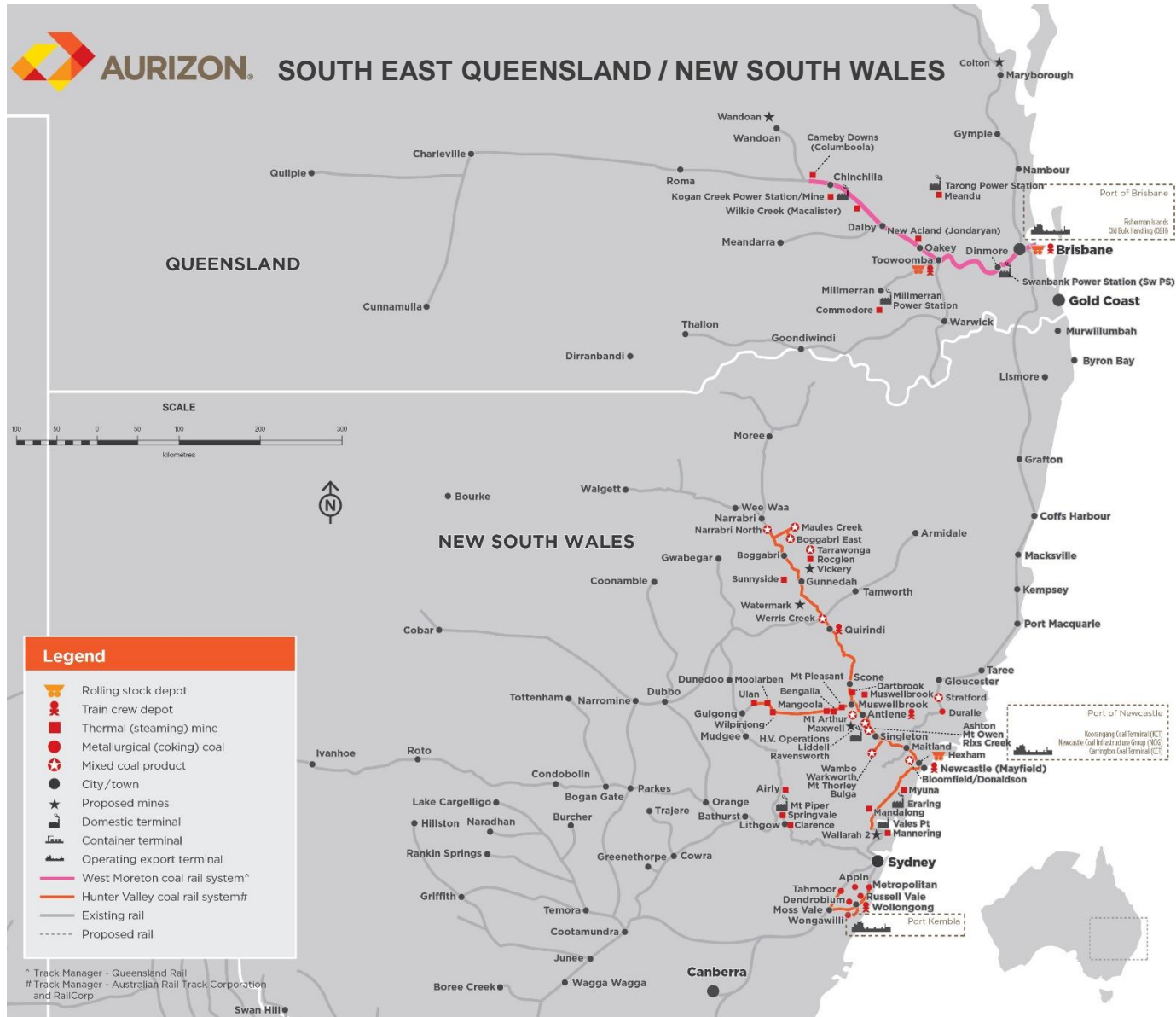
1. \$10m has been reclassified from access revenue to above rail revenue for 1HFY2022 for consistency with current year presentation.

Coal Operations



Note: Includes all mines in the CQC

Coal Operations



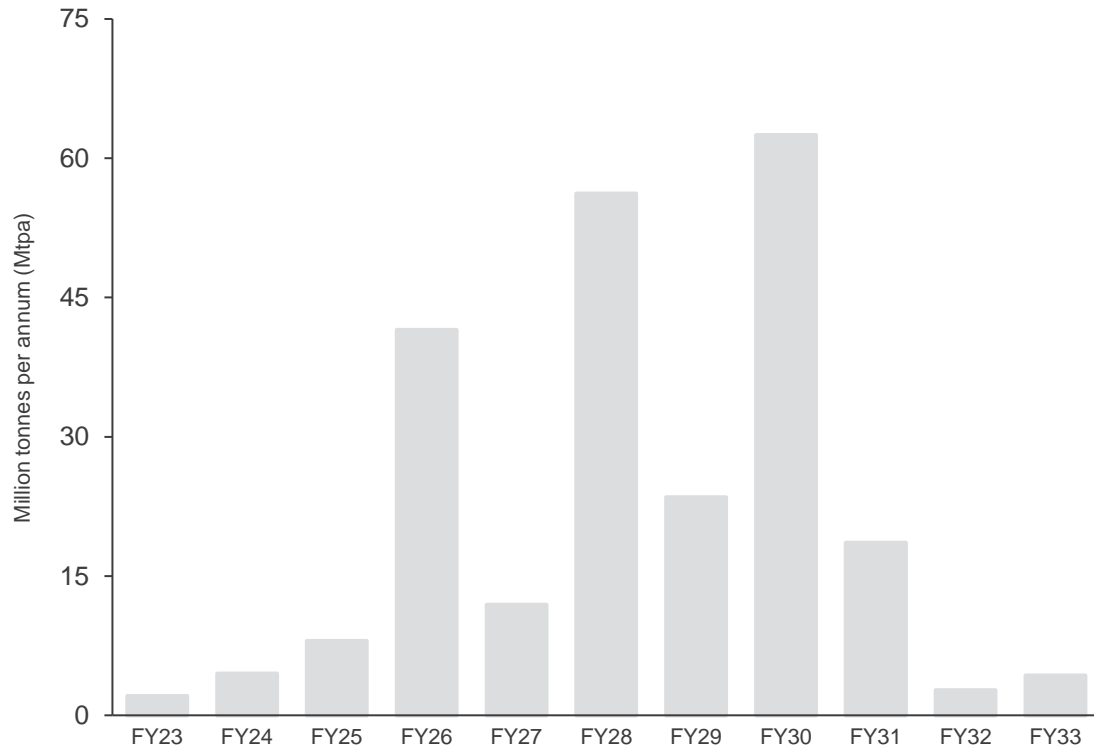
Coal haulage tonnes (mt) by system

	1HFY2023	1HFY2022	Variance	2HFY2022
CQCN				
Newlands	8.0	9.3	(14%)	8.5
Goonyella	29.7	29.4	1%	32.1
Blackwater	22.5	24.8	(9%)	24.7
Moura	6.7	6.8	(1%)	5.5
Total CQCN	66.9	70.3	(5%)	70.8
NSW & SEQ				
West Moreton	1.0	1.7	(41%)	1.0
Hunter Valley & Illawarra	22.6	26.7	(15%)	23.5
Total NSW & SEQ	23.6	28.4	(17%)	24.5
Total Coal	90.5	98.7	(8%)	95.3

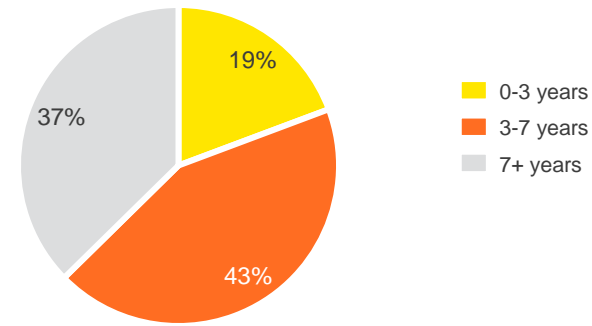
1. Due to rounding, the sum of components may not equal the corresponding total

Coal contract portfolio

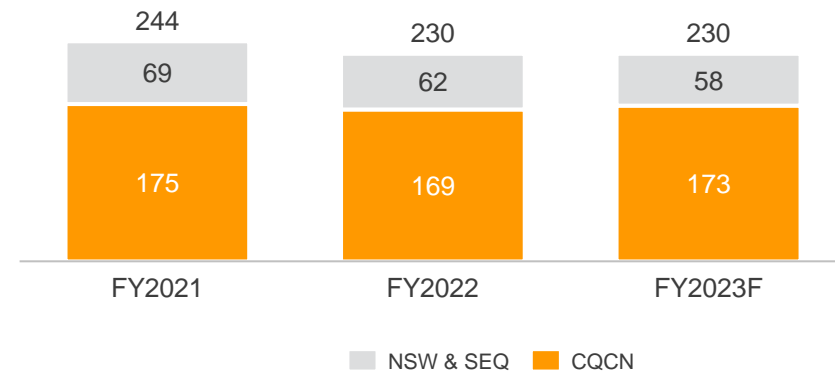
AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR¹
AS AT 31 DECEMBER 2022



COAL CONTRACT PORTFOLIO EXPIRY¹
AS AT 31 DECEMBER 2022



FORECAST COAL CONTRACTED VOLUMES² (MT)



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

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

2. This represents the contracted tonnes as at 31 December 2022 and includes known nominations

A long yellow locomotive pulling a train of red sulphur containers through a dry, hilly landscape. The train is moving from right to left across the frame. The background features a large, reddish-brown hill with sparse green vegetation under a blue sky with scattered white clouds. The foreground is a dry, grassy field with some small trees and utility poles.

Additional Information: Bulk

Photo: Sulphur train on the Mount Isa line just outside Cloncurry QLD, Leon Harris – Trainee Locomotive Driver APS (QLD)

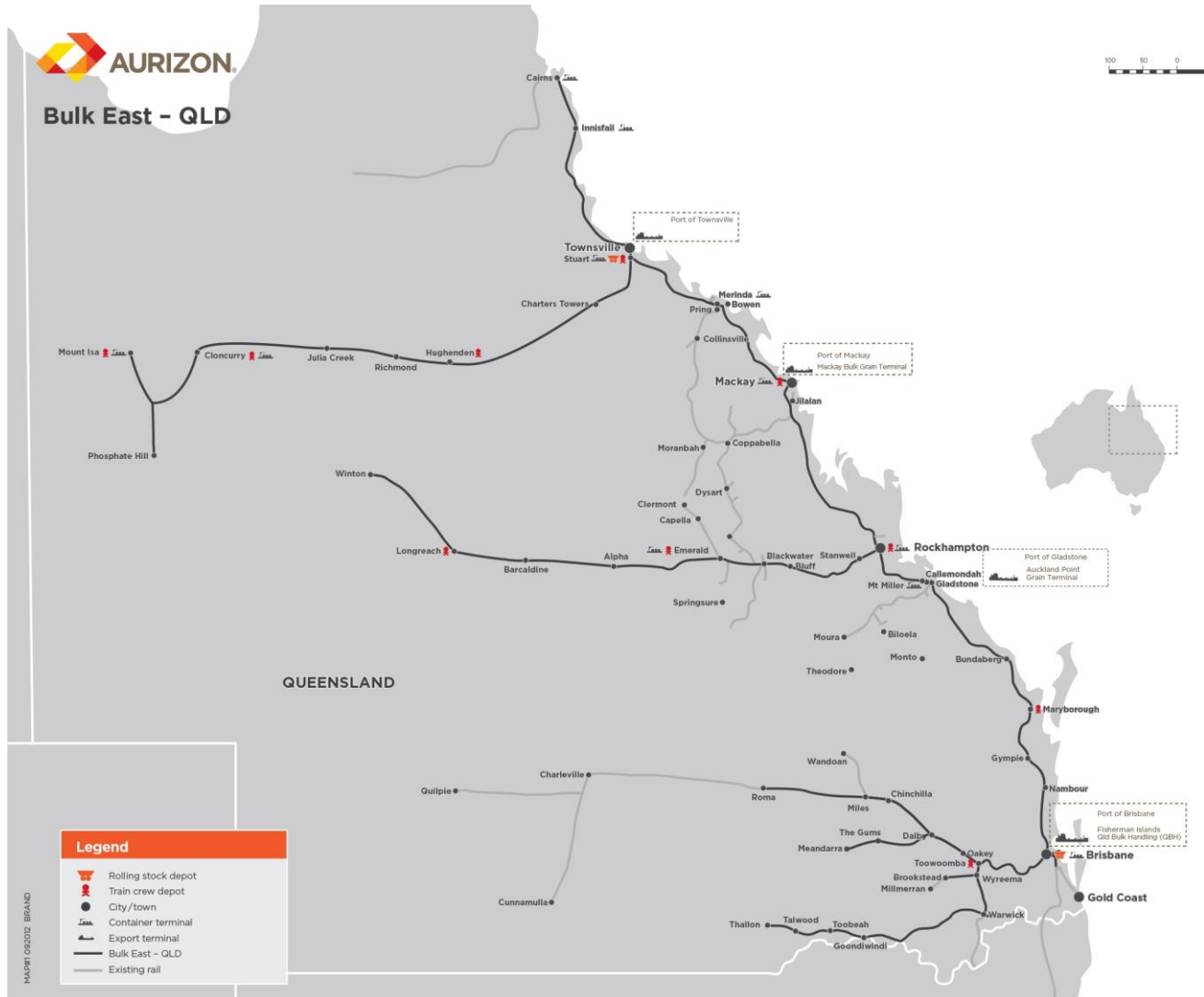
Bulk

\$m	1HFY2023	1HFY2022	Variance	2HFY2022
Revenue	521	344	51%	347
Access costs	(52)	(42)	(24%)	(39)
Operating costs	(369)	(228)	(62%)	(253)
EBITDA	100	75	33%	56
Depreciation & Amortisation	(53)	(17)	(212%)	(20)
EBIT	47	58	(19%)	36
<i>Above Rail Tonnes (m)</i>	33.6	24.8	35%	26.0

Bulk operations



Bulk operations: Queensland



Bulk operations: New South Wales



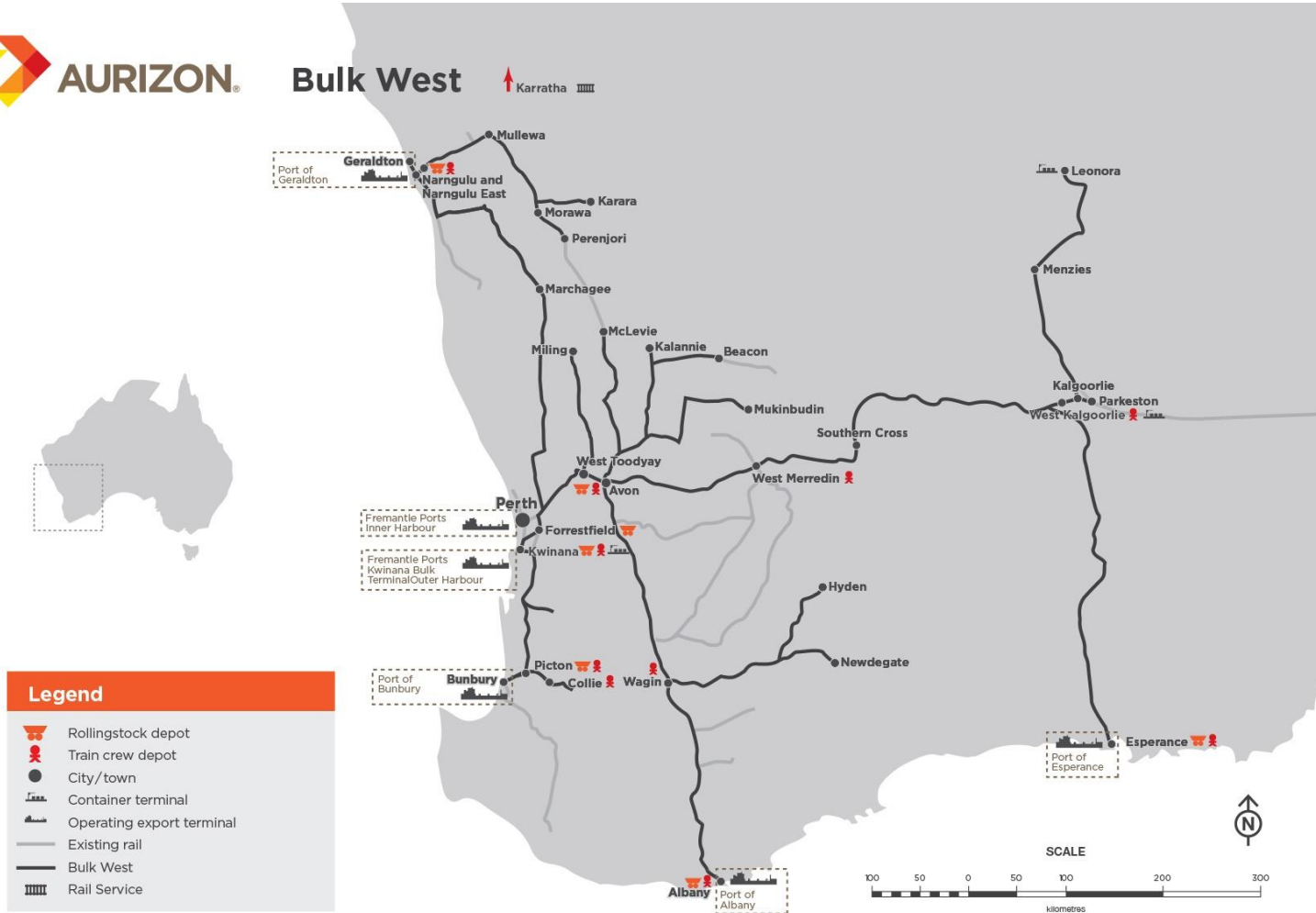
Bulk operations: South Australia and Northern Territory



Bulk operations: Western Australia



Bulk West



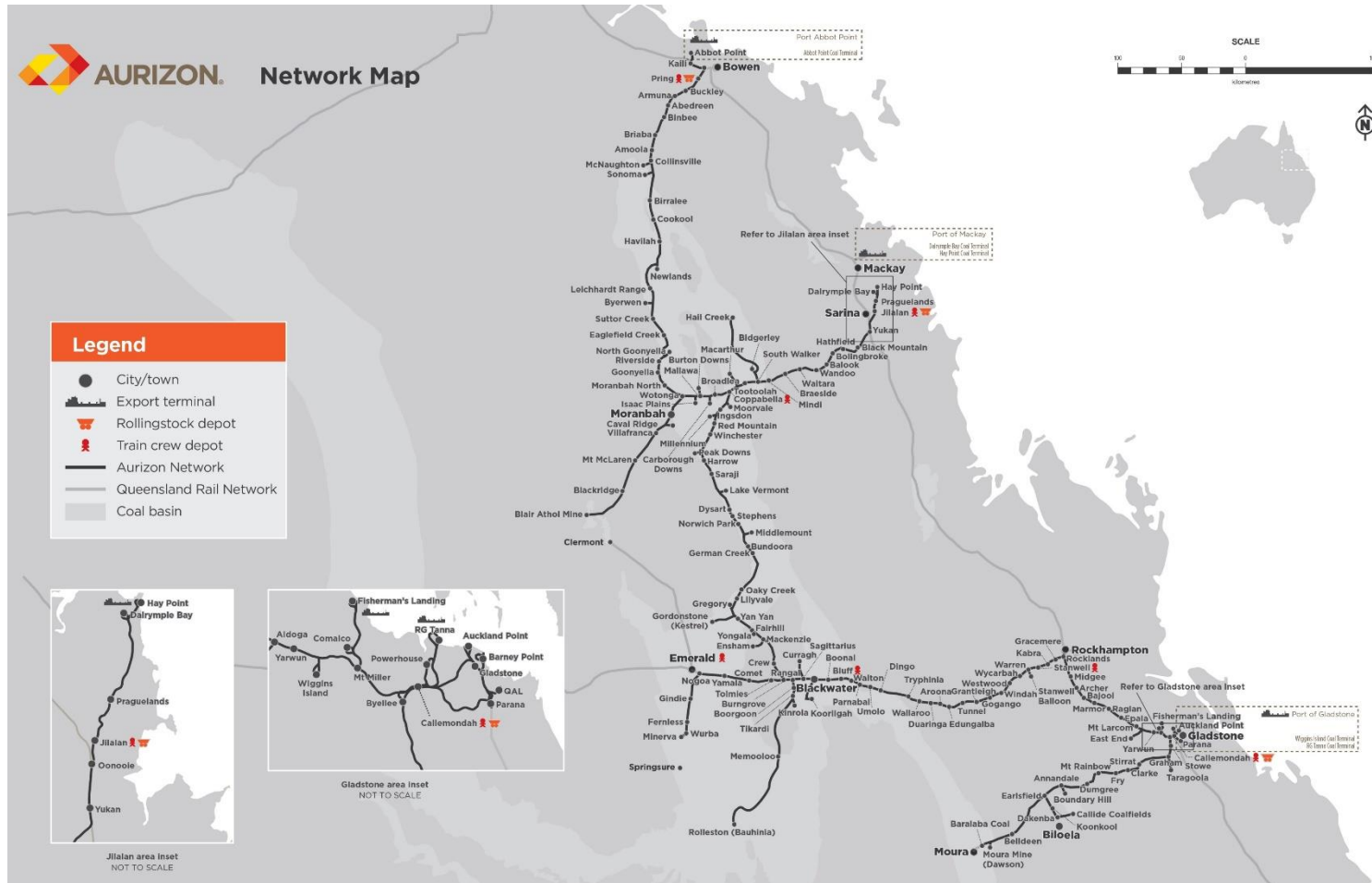
Additional Information: Network

Photo: Aurizon track maintenance work on the CQCN – Aldoga, Gladstone (QLD)

Network financial and operating metrics

\$m	1HFY2023	1HFY2022	Variance	2HFY2022
Track Access	583	543	7%	591
Services & Other	31	26	19%	33
Revenue	614	569	8%	624
Energy & Fuel	(110)	(51)	(116%)	(53)
Other Operating Costs	(141)	(136)	(4%)	(150)
EBITDA	363	380	(4%)	421
Depreciation & Amortisation	(173)	(170)	(2%)	(175)
EBIT	190	210	(10%)	246
<i>Tonnes (m)</i>	102.9	104.9	(2%)	101.7
<i>NTK (bn)</i>	25.1	26.4	(5%)	25.5
<i>Operating Ratio</i>	69.1%	63.0%	(6.1ppt)	60.5%
<i>Maintenance/NTK (\$/000 NTK)</i>	2.7	2.4	(11%)	2.8
<i>Opex/NTK (\$/000 NTK)</i>	16.9	13.6	(19%)	14.8
<i>Cycle Velocity (km/hr)</i>	21.5	23.1	(7%)	22.6
<i>System Availability</i>	82.3%	82.9%	(0.6ppt)	84.3%
<i>Average Haul Length (km)</i>	244	251	(3%)	251

Network Operations



Network volumes: All rail operators

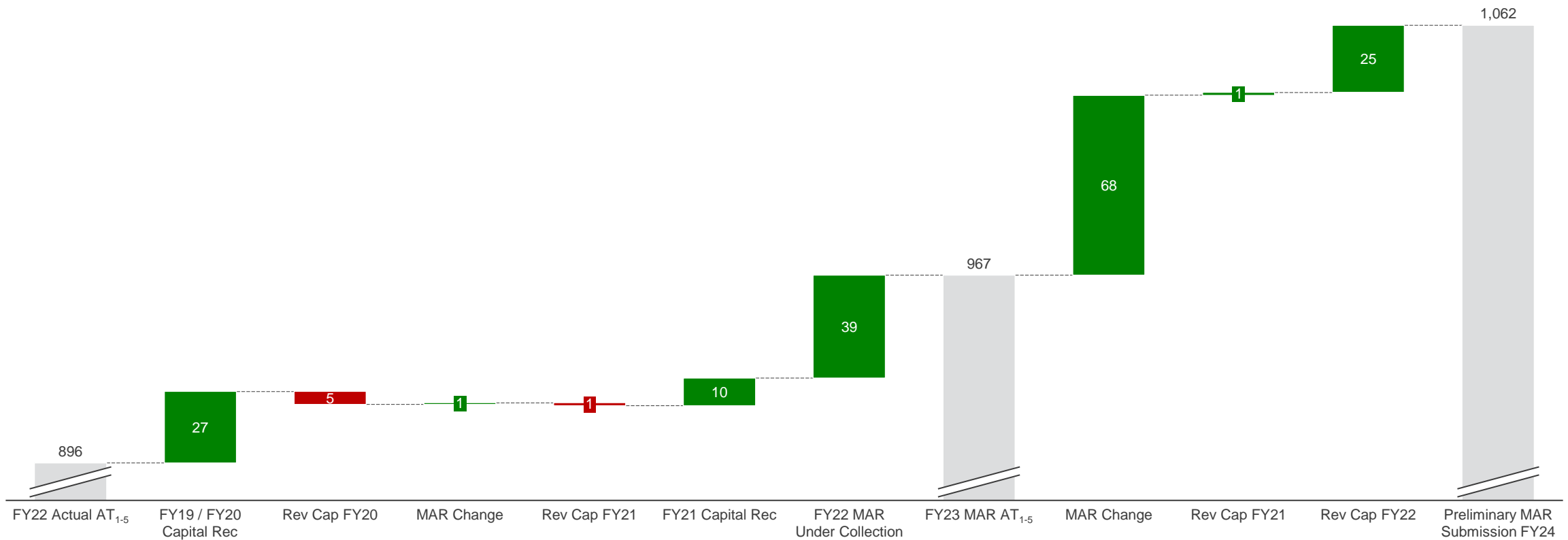
	1HFY2023	1HFY2022	Variance	2HFY2022
Newlands	9.8	6.6	49%	7.3
Goonyella	53.1	53.5	(1%)	52.1
Blackwater	26.0	29.6	(12%)	28.7
Moura	6.5	6.7	(2%)	5.3
GAPE	7.4	8.6	(13%)	8.2
Total (mt)	102.9	104.9	(2%)	101.7

Network 1HFY2023 Access Revenue movement

	\$m
Increase in MAR from 1HFY2022 to 1HFY2023	19.3
Volume under-recovery for 1HFY2023	(51.7)
Volume under-recovery for 1HFY2022 (reversal of impact)	28.4
Revenue Cap movements 1HFY2022 to 1HFY2023	(3.1)
GAPE revenue	(4.8)
Electric Traction revenue	50.7
Other Access revenue	1.3
Movement in 1HFY2022 to 1HFY2023 Access Revenue	40.2

Network adjusted MAR bridge FY22 to FY24

INDICATIVE NETWORK ADJUSTED MAXIMUM ALLOWABLE REVENUE (MAR)¹ FY2022 – FY2024² (\$M)



1. Amounts exclude GAPE. Due to rounding the sum of components may not equal the corresponding total.
 2. FY2024 MAR is the preliminary reset value submitted to the QCA adjusted for Revenue Cap.

Network Revenue Adjustment Amounts (revenue cap)

Financial Year	AT ₂₋₄ \$m	AT ₅ \$m	Total (inc-GAPE) \$m	Total (ex-GAPE) \$m
2022 ¹	26.2	9.6	35.8	25.4
2021	(40.0)	20.0	(20.0)	(1.1)
2020	(0.5)	3.9	3.4	4.9
2019	(9.9)	(2.7)	(12.6)	(12.2)
2018	(6.2)	5.5	(0.7)	(0.8)

- › Revenue adjustment amounts (RAA) are the difference by system between Aurizon's Total Actual AT₂₋₅ Revenue and Allowable AT₂₋₅ Revenue
- › The RAA amounts are collected or repaid through a tariff adjustment two years later
- › All revenue adjustment amounts (except FY2022) include cost of capital adjustments
- › RAA also includes adjustments for maintenance, rebates, energy connection costs, WACC adjustments and other costs recoverable in accordance with Schedule F of the Access Undertaking. The net impact of these adjustments in FY2022 is to reduce the \$39m MAR under collection by ~\$14m to a ~\$25m return to access holders ex-GAPE

Note: AT = Access Tariff Revenue Adjustment Amount and that negative amounts represents a return to Access Holders.
 1. Submitted to the QCA for approval and excludes cost of capital adjustment.

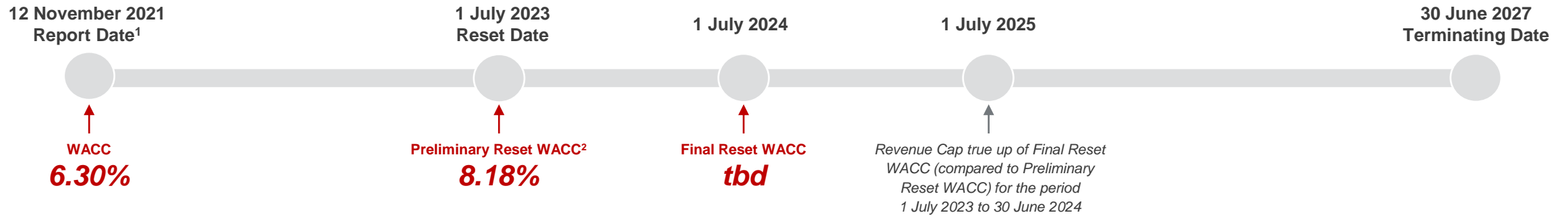
Reconciliation of billed MAR to reported access revenue

\$m	1HFY2023 Actual	FY2022 Actual	FY2021 Actual
Billed Access Revenue (AT ₁ to AT ₅) (ex. GAPE)	433	891	911
<i>Approved Adjustments to MAR</i>			
Revenue Cap (ex. GAPE and inclusive of capitalised interest)	(1)	5	-
Regulated Access Revenue (ex. GAPE)	432	896	911
Total non-regulated Access Revenue (ex. GAPE)	76	77	86
Total GAPE Revenue (Regulatory + non-regulatory)	75	161	181
Total Access Revenue per Aurizon Statutory Accounts	583	1,134	1,179

UT5 WACC Reset Timeline

Preliminary Reset WACC to inform FY2024 Tariffs with a Revenue Cap True up in FY2026 to reflect market based parameters in June 2023

UT5 WACC RESET PROCESS



PRELIMINARY RESET WACC PARAMETERS²

	QCA 2018 Decision	Preliminary Reset	Change
WACC	6.30% <i>to 30 June 2023</i>	8.18% <i>From 1 July 2023</i>	+1.88ppts
<i>Debt Risk Premium³</i>	2.04%	2.60%	+0.31ppts <i>+0.56% x 0.55 leverage</i>
<i>Risk Free Rate⁴</i>	1.90%	3.47%	+1.57ppts

MILESTONES

31 July 2022	Preliminary Reset WACC: Submission to QCA on Preliminary Reset Values (risk free rate, debt risk premium and inflation methodology agreed), based on June 2022 parameters. To be applied from 1 July 2023 to 30 June 2024.
1 July 2023	Reset of risk free rate, debt risk premium and inflation to apply from 1 July 2024 (submitted to QCA on 31 July 2023)
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

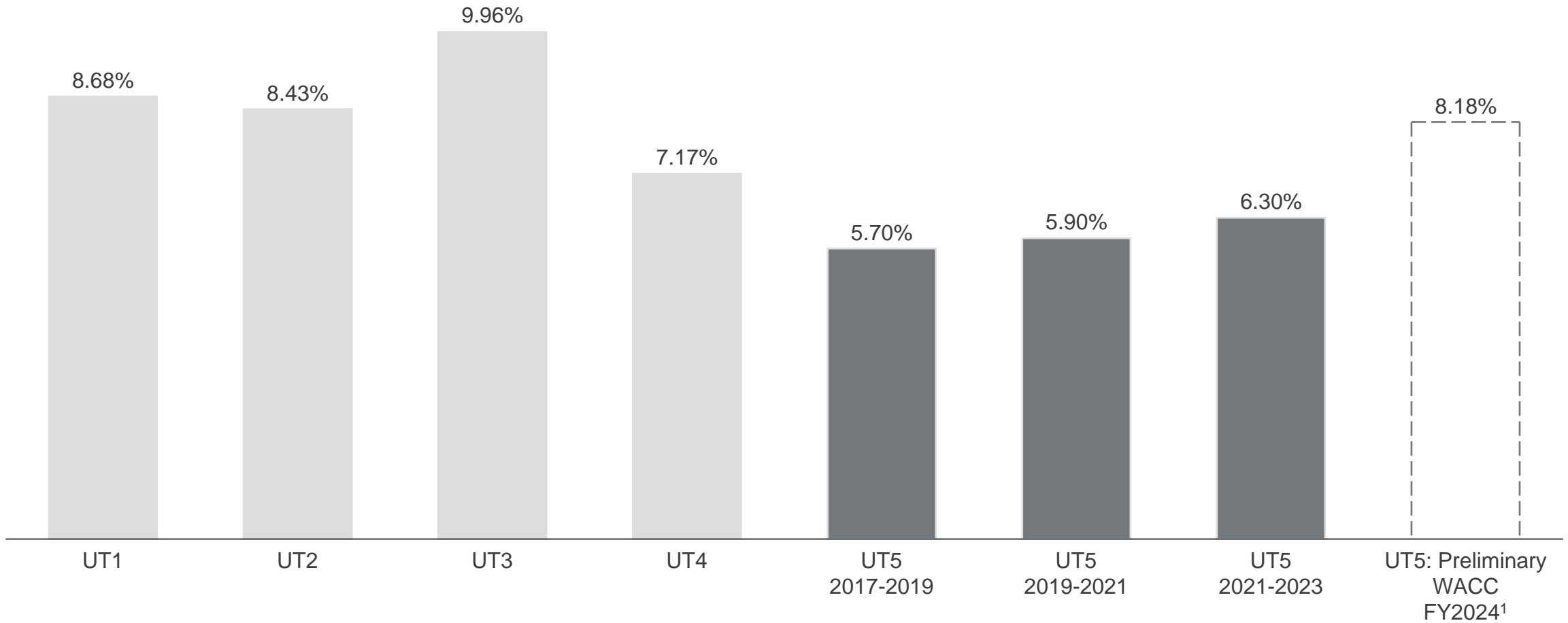
1. The date Network provided the Chair of the Rail Industry Group (RIG) and the QCA its preliminary response to the ICAR, which set out the proposed options to address the capacity deficits identified in each coal system by the Independent Expert in the ICAR triggering an increase in the WACC from 5.90% to 6.30%. On 15 December as a result of the FY2022 Revenue Adjustment Submission the QCA made known their view that the WACC uplift did not apply from the 12 November 2021 but instead 14 March 2022. On 20 January 2023, Network lodged an application with the Supreme Court of Queensland to appear the QCA decision, seeking a declaration from the court about the proper interpretation of the definition of the Report Date

2. Preliminary WACC Reset submitted to QCA (July 2022), based on market parameters in June 2022

3. Debt Risk Premium - 2.600% - 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 2022 – Aurizon Network notes there is not a prescriptive methodology or criteria

4. Risk Free Rate - 3.474% – The average rate for Commonwealth of Australia Government nominal bonds using the RBA indicative mid rate with a term of 4 years. The averaging period reflects the 20 business days up to (and including) 30 June 2022

WACC History



1. Preliminary WACC Reset submitted to QCA (July 2022), based on market parameters in June 2022

UT5 Undertaking

Revenue Protection Mechanisms

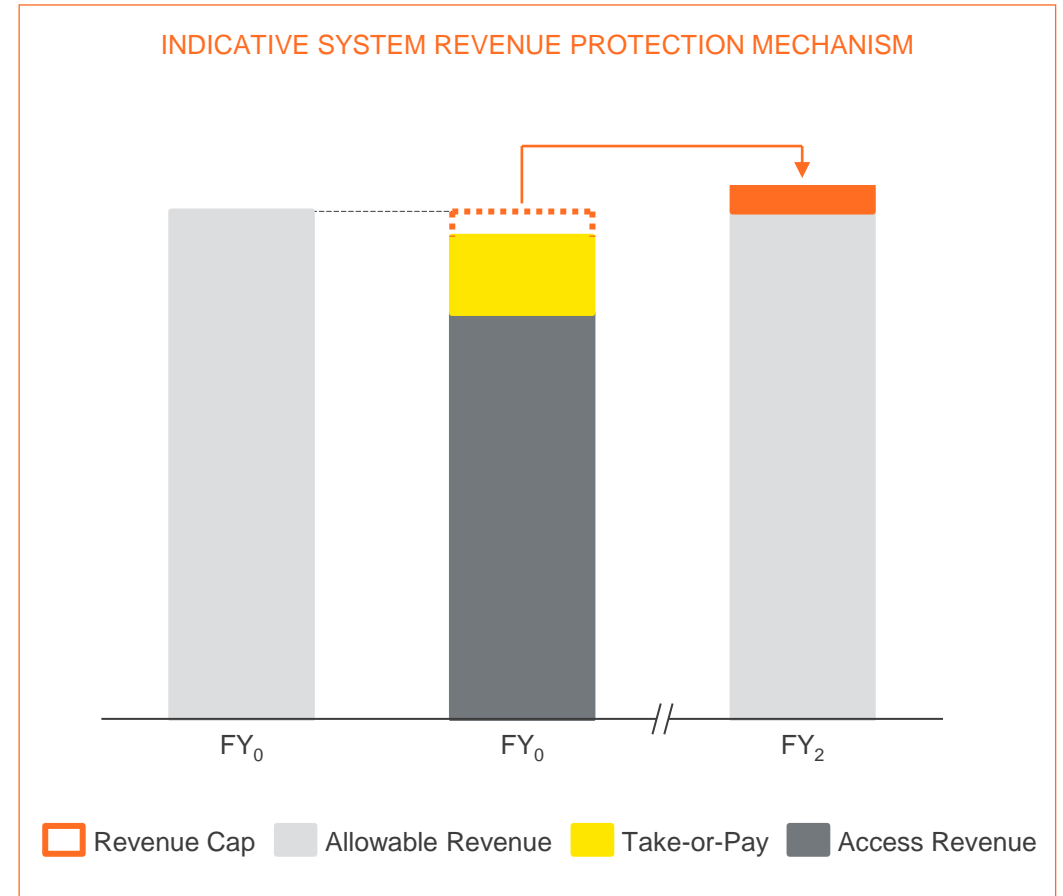
The **Maximum Allowable Revenue (MAR)** is the total revenue Aurizon Network is permitted to earn each year, determined in accordance with the *Regulatory Asset Base (RAB)* and *Building Block Methodology*

The MAR forms the basis for calculating reference tariffs¹ and determining AT₂₋₄ and AT₅ *Allowable Revenue (AR)*

Where system volume is less than the regulatory approved volume forecast, protection mechanisms come into effect to address the revenue shortfall²

- › **Take-or-Pay** is the primary mechanism whereby lost revenue is recovered from access holders in the current financial year (capped at allowable revenue)³
- › **Revenue Cap** is the secondary mechanism and comes into effect in the event that *Take-or-Pay* does not recover a revenue shortfall. This shortfall is recovered two years later

Patronage risk occurs when certain mines are no longer in operation. Under the QCA regime, Network will continue to earn its aggregate regulated revenue from the remaining mines that continue to use the rail infrastructure within the system



1. Tariffs (All Systems): AT1 Incremental Maintenance (Gross Tonne Kilometre-based), AT2 Incremental Capacity (Path-based), AT3 Allocative (Net Tonne Kilometre-based), AT4 Allocative (Net Tonne-based). Tariffs (Electric Systems only): AT5 Electric Access (Electric Gross Tonne Kilometre-based).

2. In the event that revenue collected exceeds the Allowable Revenue, the protection mechanisms will return the surplus revenue to access holders

3. Excludes AT5 tariff

UT5 Undertaking

Regulatory Asset Base (RAB)

ELEMENT	DETAIL
Rollforward RAB	<ul style="list-style-type: none">› 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 FY2021 RAB rollforward was approved by the QCA on 13 June 2022 and was also incorporated in reference tariffs for FY2023.› The estimated value of the RAB rollforward at is \$5.4b. This excludes \$0.3b of Access Facilitation Deeds (AFDs)

UT5 Undertaking

Building Blocks

BUILDING BLOCK	DETAIL
Return on capital (WACC)	<ul style="list-style-type: none"> › 5.70% from 1 July 2017 to 2 May 2019 › 5.90% from 3 May 2019 to 12 November 2021 (Report Date)¹ › 6.30% from Report Date¹ to 30 June 2023 › WACC reset at 1 July 2023 (reset of risk free rate and debt risk premium)
Maintenance	<ul style="list-style-type: none"> › Comprises direct costs – those relating to maintenance activities performed on the CQCN and indirect costs – including the return Network recovers on its investment in maintenance assets (e.g. resurfacing plant) and a return on inventory held for maintenance purposes › Note ballast undercutting has been reclassified to the capital indicator under transitional arrangements from FY2020 › Maintenance costs are pass through and approved annually by customers through consultation for FY2021 onwards
Return of capital (Depreciation)	<ul style="list-style-type: none"> › RAB roll forward › FY2021 onward – capital is determined on an annual basis in consultation with customers › Reset of inflation to occur at 1 July 2023, applying same methodology as UT5 Final Decision › Asset life reset will occur at 1 July 2023 (under the UT5 Final Decision this would have occurred 1 July 2021) › Existing depreciation approach to be retained, including 20-year rolling depreciation for assets included in the RAB post 1 July 2009
Operating expenditure	<ul style="list-style-type: none"> › Includes all costs associated with train control, scheduling, customer, finance and regulation. It also includes corporate overheads for the operation of the business, along with insurance, transmission and connection costs and other operating costs › From FY2022 operating expenditure allowance uses FY2021 as base, with an uplift applied where CPI increases above 2.37% › Any efficiency savings achieved in relation to operating expenditure will be retained by Aurizon over the life of the UT5 Undertaking › Exception is transmission and connection costs which are pass through to customers
Tax	<ul style="list-style-type: none"> › Tax allowance calculated on same basis as UT5 Final Decision

1. On 15 December as a result of the FY2022 Revenue Adjustment Submission the QCA made known their view that the WACC uplift did not apply from the 12 November 2021 but instead 14 March 2022x. On 20 January 2023, Network lodged an application with the Supreme Court of Queensland to appear the QCA decision, seeking a declaration from the court about the proper interpretation of the definition of the Report Date

UT5 Undertaking

Rebate Mechanism

ELEMENT	DETAIL
Mechanism	<ul style="list-style-type: none"> › A customer will be entitled to a rebate from Network where it has received less than its annual contracted capacity, as assessed by the Independent Expert, as a result of Network's performance below target levels › Targets to commence after the Initial Capacity Assessment has been completed and will align with the operating parameter assumptions applied in the Initial Capacity Assessment › Will only include matters that are within Network's control – i.e. excludes issues related to Above Rail, port, mine, weather and other force majeure related events › Exposure to a customer under the rebate mechanism is limited to access charges they would have paid for the contracted paths not delivered as a result of Network's performance below target levels
Review	<ul style="list-style-type: none"> › In accordance with the terms of the undertaking, End Users have requested that the QCA review whether the rebate mechanism has been effective – measured against the defined Rebate Objectives › If QCA determines the objectives have not been met in a material way then the QCA may recommend changes to the UT5 Undertaking to ensure the Rebate Objectives are achieved › If Network does not agree with the QCA's recommendation, Network and customers will seek to agree appropriate modifications to the mechanism. Failing that, the WACC will be reduced by 30 basis points and the rebate mechanism will be removed from the UT5 Undertaking

Glossary

Metric	Description
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
ESG	Environment, Social & Governance
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
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)
GTKs	Gross Tonne Kilometres
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
QCA	Queensland Competition Authority
ROIC	ROIC is defined as underlying rolling twelve-month EBIT divided by the average invested capital. The average invested capital is calculated as the rolling twelve-month average of net assets (excluding cash, borrowings, tax, derivative financial assets and liabilities)
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

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