ASX Announcement

Date: 12 August 2024

Aurizon delivers a 14% increase in EBITDA and within guidance, and announces an on-market buy-back of up to $150m

Safety performance

- **Strong safety performance with a 15% improvement in Total Recordable Injury Frequency Rate (TRIFR), and a 29% improvement in Actual and Potential Serious Injury and Fatality Frequency Rate (SIFRa+p)**
- **Launched a number of safety frameworks and strategies to support our employees including a new *Fatigue Risk Management Framework* and *Contractor Safety Management***

Financial performance

- **Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $1,624 million, 14% higher than prior comparable period (PCP), and within guidance**
- **Final dividend of 7.3 cents per share (60% franked) based on 80% of 2HFY2024 Net Profit After Tax (NPAT). Total dividend of 17 cents per share for FY2024 – up 13% against PCP**
- **On-market buy-back of up to $150 million**

$ million[1]	FY2024	FY2023	Variance
Revenue	3,844	3,511	**9%**
EBITDA	1,624	1,428	**14%**
EBIT	917	762	**20%**
NPAT	406	367	**11%**
NPAT *Statutory*	406	324	**25%**
Free cash flow[2]	661	297	**123%**
EPS (cps)	22.1	19.9	**11%**
ROIC (%)	8.9	7.5	**1.4ppts**
Net Debt/ EBITDA[3]	3.0x	3.5x	**-0.5x**
DPS – Total (cps)	17.0	15.0	**13%**

[1] *All amounts are underlying and on a continuing basis unless otherwise stated*

[2] *Free Cash Flow (Continuing operations) defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes growth capex (FY2024: $204m, FY2023: $203m), payments for acquisitions (FY2024: $nil, FY2023: $1,434m) and cash costs associated with acquisitions (FY2024: $nil, FY2023: $49m (pre-tax))*

[3] *Net debt is defined as borrowings (both current and non-current) less cash and cash equivalents*

Aurizon today reported Group Underlying EBITDA for the year ended 30 June 2024 (FY2024) of $1,624 million, 14% higher than FY2023 ($1,428 million). The key drivers of the FY2024 results were:

- Coal EBITDA was $528 million up 16% compared to the PCP, primarily driven by higher volumes and elevated revenue yield (customer/corridor mix and indexation). Volumes hauled of 189.0 million tonnes were 2% higher than FY2023
- Bulk EBITDA was $229 million up 7% compared to the PCP. Volumes hauled of 66.6 million tonnes were down by 2% compared to the PCP. This was mainly due to customer production issues primarily in Queensland, lower grain volumes and the cessation of a rail maintenance contract
- Network EBITDA was $930 million up 14% compared to the PCP. This was driven by an increase in allowable revenue due to the preliminary reset of WACC (Weighted Average Cost of Capital) and higher asset base. Tonnes carried over the Central Queensland Coal Network were 209.6 million, 1% higher than FY2023

Underlying Net Profit After Tax (NPAT) was $406 million, up 11%, and Statutory NPAT was up 25% compared to FY2023. The Aurizon Board declared a final dividend of 7.3 cents per share, 60% franked, representing a payout ratio of 80% of 2HFY2024 NPAT. It will be paid on 25 September 2024 to shareholders with a record date of 27 August 2024. This takes the full year dividend to 17.0 cents per share, which is a 13% increase compared to FY2023.

Free Cash Flow increased by 123% to $661m in FY2024, with lower gearing for the Group (Net Debt / EBITDA reducing from 3.5x to 3x), enabling the Aurizon Board to announce an on-market share buyback of up to $150 million.

Aurizon uses two primary safety metrics to measure safety performance: Total Recordable Injury Frequency Rate (TRIFR) and Actual and Potential Serious Injury and Fatality Frequency Rate (SIFR(a+p)). In FY2024, TRIFR improved by 15% and SIFR(a+p) improved 29%.

Commentary from Aurizon Managing Director & CEO Andrew Harding

“Aurizon has delivered a strong result in FY2024, with solid earnings growth and strong free cashflow,” Mr Harding said. “This has provided the opportunity for increased shareholder returns, with total dividends for FY2024 increasing by 13% compared to FY2023. We are also pleased to announce a share buyback of up to $150 million.

“The business continues to be resilient, operationally and commercially, as we diversify our customer base and extend our customer service offering along the supply chain.

“The cash-generative Coal and Network business units continue to provide the platform for investment in emerging markets for our Bulk and Containerised Freight businesses.

Business strategy

“Aurizon is tracking well against our growth strategy. Aurizon is Australia's largest rail freight operator, with a national footprint and leveraged to demand for commodities and Asian economic growth.

“We are seeing sustained demand for high-quality Australian commodities including metallurgical and thermal coal, iron ore, grains and phosphate, and emerging opportunities for containerised freight using rail-based supply chains.

“During the year, Aurizon’s Containerised Freight business completed the ramp-up of its schedule of weekly inter-city linehaul services.

“We also commenced customer trials for the land bridging opportunity through the Port of Darwin and using Aurizon trains and infrastructure to connect with southern markets. The trials in operation are small-scale, transporting vehicles in modified shipping containers, designed to technically assess the solution. Although the end-state solution will differ from this, the trials have been successful to date,” Mr Harding said.

Outlook

In FY2025, Aurizon expects to see further earnings growth with Group EBITDA expected to be in the range of $1,660 million - $1,740 million. Sustaining capital expenditure is expected to be in the range of $640 million - $720 million (including ~$80 million of transformation capital) with growth capital expenditure expected to be $125 million - $175 million.

Key assumptions:

- Network EBITDA is expected to be higher than FY2024 with an increase in the regulated revenue, partially offset by lower external construction works. No volume related over-recovery assumed
- Coal EBITDA is expected to be broadly consistent with FY2024, with higher volumes being offset by the normalisation (lower) of yield (due to customer/corridor mix) and higher traincrew and maintenance costs
- Bulk EBITDA is expected to be higher than FY2024 driven by volume growth in Bulk Central, more than offsetting an expected volume decline in Bulk West
- Other: Containerised Freight is expected to have a broadly neutral EBITDA contribution
- As usual, no significant disruptions to supply chains (such as major derailments or extreme/prolonged wet weather)

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