Andrew Harding: Managing Director & Chief Executive Officer

Good morning and welcome to the 2025 first half results.

We are in Brisbane today therefore I acknowledge the Traditional Custodians of this land, the Turrbal and Jagera people, and pay my respects to the elders past, present and future for they hold the memories, the traditions, the culture and hopes of Aboriginal Australia. We must always remember that under the ballast, sleepers, rail systems and office buildings where Aurizon does business, was and always will be traditional Aboriginal land.

I am joined on the call by the CFO, George Lippiatt, and the rest of the Group Executive team.

The photo on the front of today's presentation is the first railing by our newest Bulk Central customer, Northern Iron. The haul is over 1,000 kilometres from the Warrego magnetite project near Tennant Creek in Central Australia, through to Darwin. In addition to Aurizon hauling the product, it is of course railed over Aurizon track infrastructure and we also do the stevedoring at the Port of Darwin.

SLIDE 3: AURIZON OVERVIEW

The strength of Aurizon's two largest business units is seen in the results presented today with Network and Coal performing broadly in-line with first half expectations. These two units are of course leveraged to the ongoing demand for Australian coal on global markets.

India is already Australia's largest trading partner for steel-making coal, and is expected to be the largest driver of demand over the coming decades. 2024 saw another record for steel production in India, up six percent on the prior year, which itself was a record. A reminder that over 90% of Australia's steel-making coal export volume is transported across the Central Queensland Coal Network.

For thermal coal, 2024 saw a net increase in global coal-fired generation capacity with 95% of this built in Asia, a continent where near-all of Australian thermal coal is exported to. The average age of the coal-fired fleet in this continent is just 15 years, against a typical economic life of 40 plus years.

In response to opportunities being presented, Aurizon has invested in Bulk and Containerised Freight capacity. Although the earnings potential for both business units is not evident in today's results, my confidence in the growth of Bulk and Containerised Freight is unchanged.

The Bulk opportunity is based on the growth in global demand for Australian commodities such as base metals, grain and magnetite and the strategic importance of the Tarcoola-to-Darwin rail line.

For Containerised Freight, the opportunity is based on Australian GDP growth and land-bridging volume from the Port of Darwin to southern capital cities. I will talk in more detail shortly on the progress made in bringing this freight channel to market.

Finally, over the last five years, Aurizon has paid out around half of our market cap in dividends and buy-backs. This continues with today's announcement of a further buy-back extension.

Turning to Safety performance

SLIDE 4: SAFETY PERFORMANCE

Tragically there was a road incident in December that resulted in the fatality of Aurizon locomotive driver Troy Ernst. The car he was driving was struck by a heavy vehicle on the New England Highway, southeast of Quirindi in the Hunter Valley. Troy was returning to the barracks to finish his shift. The passenger in the Aurizon vehicle, Greg Simpson, also a locomotive driver from Hexham, was injured and transported to hospital and is recovering from the accident.

This was a devastating incident with the impact felt across the business. Troy was a highly-respected and well-known member of the New South Wales Coal team, commencing his career with Aurizon 12 years ago.

This incident is under investigation by New South Wales Police, who will prepare a report for the coroner. While we await the results of the police investigation, this incident is a reminder of the need to continue our broader efforts to make road travel safer for our employees.

Our focus remains on incidents that have the potential for serious injury or a fatality and despite the tragic incident during the period, the trending down of the metric is pleasing.

SLIDE 6: 1HFY2025 RESULTS

As noted earlier, Network and Coal have performed broadly in-line with expectations in the first half, and our Group statutory earnings supported by proceeds from the settlement of some long-standing legal matters.

The strength of our Free Cash Flow enabled our initial buy-back program of 150 million to be extended by 100 million in August, taking the total to $250m. Over 90% of the buy-back has been completed to-date and today we announced a further extension taking the total FY2025 buy-back program to $300m.

The dividend payout ratio has been maintained at 80% with an interim dividend of 9.2 cents.

Turning to the business units

SLIDE 7: NETWORK

The uplift in Network earnings was driven by an increase in regulatory revenue, primarily as a result of the final WACC applying to tariffs from 1 July. This was partly offset by a reduction in external construction works and higher maintenance costs.

Volumes were 3% higher at 110 million tonnes, broadly in-line with the run-rate of the regulatory assumption up until 31 December.

It is pleasing that Network-caused cancellations reduced from 2.2% to 1.6% in the first half on the back of improvement initiatives.

Furthermore, industry endorsement was recently received for the daily rolling plan initiative we shared with the market in August. This follows a successful seven-month trial.

Maintenance spend increased during the half, and is also expected to continue in the second half, largely due to labour inflation and a proactive drainage program to protect rail formations. A reminder that this

additional spend will be recovered in two years time, subject to the usual regulatory revenue cap mechanism.

As noted on the slide, Aurizon has commenced engagement with stakeholders given the expiry of the current regulatory agreement in 2027 and we will provide updates in due course.

SLIDE 8: COAL

Coal volumes increased by 6% with growth across all corridors and regions with the exception of Newlands. Aligned with the guidance provided in August, there was a normalisation of yield due to the corridor/customer mix, resulting in lower revenue growth compared to volumes.

Operating costs continue to be a focus and we expect unit costs (on an NTK basis) to be broadly flat in FY2026 when compared to this financial year. A reduction of train drivers by around 50 during FY2026 is currently projected, and to be managed through attrition.

TrainGuard is operational for Blackwater and Goonyella rail lines and the first deployment on branch lines for both systems is expected in the current financial year.

Although contract utilisation was two points higher (to 84%), it is still lower that what is considered a normal level which is around 90%.

Finally, we have included an early view of the contract book for FY2026 which currently stands at 230 million tonnes which is broadly in-line with FY2024 and FY2025. Next year's contracted capacity includes a recent renewal of an Aurizon-serviced mine here in Queensland.

SLIDE 9: BULK

Bulk earnings decreased by 25% driven by:

- lower grain railings in Western Australia and South Australia;
- the cessation of a rail maintenance contract;
- a derailment in WA, the most impactful in the history of our iron ore operations in the Mid-West; in addition to
- an increase in provisions which George will speak to shortly.

This was partly offset by growth volumes from new customer contracts in minerals and iron ore including Northern Iron. I saw the unloading of Northern Iron's magnetite in Darwin last week, where Aurizon also does the stevedoring for subsequent export to Asia.

Stronger grain volume is expected in the second half with CBH receiving over 20 million tonnes from the Western Australian harvest that has just completed. The harvest was the third largest crop on record and 62% higher than the prior year.

A reminder that near-all of this harvest is yet to be railed. The grain moved in the first half of the financial year is primarily the tail-end of the prior harvest. From early-November, first railings generally begin from the new harvest. To get some scale of the variability in volumes, we moved around 300 thousand tonnes in September and our current run-rate is around one million tonnes a month.

In November, Aurizon completed the acquisition of South Australian bulk stevedoring business Flinders Logistics, which has operations adjacent to rail at Port Pirie and at Port Adelaide. This acquisition enables Aurizon to respond to tenders seeking full supply chain solutions in South Australia.

While the short-term performance has been impacted by lower volumes, my confidence in the Bulk opportunity remains unchanged, particularly in Central Australia.

SLIDE 10: CONTAINERISED FREIGHT & LAND-BRIDGING

This half saw the full Containerised Freight schedule operating in its entirety, including of course the seasonally strong lead-up to Christmas. Utilisation remained at over 60% during the period with the step-up in volumes aligned with the step up in capacity.

Utilisation is not yet where it needs to be to hit our return targets, driven by a softer industry environment.

The complementary nature of interstate and land-bridging means that we are being disciplined with contracting the remaining capacity available across the Containerised Freight network. This is to ensure we have capacity for land-bridging, an opportunity that I have even more confidence in, since presenting at Investor Day.

You may have already seen this morning a joint media release with ANL which is part of the CMA CGM Group, who we are working with on land-bridging. The first ANL vessel delivering inbound freight arrived at the port of Darwin in mid-November. Initially on a fortnightly basis, we now have vessels arriving on a more frequent basis holding land-bridging freight. As noted in the media release, ANL notes the value time savings benefits of the new service with a saving of up to ten days for freight arriving in Adelaide.

We expect land-bridging volumes to step-up in the second half of the year given the more frequent vessel schedule.

Recognising it is still early days in this disruptive supply chain, the next step from here is to further prove up the market and test scalability.

Following on from successful trials, we are working with the leading auto-logistics company NYK on the feasibility of several landside logistics business opportunities to support the import and distribution of motor vehicles into Australia. I look forward to updating the market on this development.

On that, I will hand over to George.

George Lippiatt: Chief Financial Officer & Group Executive Strategy

SLIDE 12: KEY FINANCIAL RESULTS

Thank you Andrew.

While statutory earnings were broadly flat, underlying results declined due to lower grain volumes, unfavourable customer volume mix in Coal, and higher costs mainly due to general escalation and increased railed volumes in Coal.

Solid Free Cash Flow has enabled a further extension to the buyback, taking the total amount to up to $300m in FY25, noting that we’ve completed over 90% of the previously announced $250m on-market buyback.

Turning to the Results table, underlying EBITDA decreased by 4% to $814 million, with statutory EBITDA in line with the prior corresponding period. The difference is due to $37m from the settlement of legal matters being treated as a significant item.

Revenue increased by 3% with growth mainly achieved through higher volumes in Coal and Containerised Freight.

Operating costs increased due to additional traincrew, higher maintenance costs associated with volume growth and an increase in doubtful debt provisions, which I will discuss in further detail when I cover Bulk. Additional traincrew is driven by growth volumes in Coal and Containerised Freight and as we hold traincrew for an expected uplift in second half volumes in Bulk.

Staying at a Group level, you can see in the table that depreciation increased by 5% and was broadly in line with the second half of FY2024. Approximately half of this step up was driven by higher Network depreciation due to higher past period capex. Depreciation in the half is consistent with the guidance provided in August and I note we expect a similar level for the second half.

Net Finance costs were also broadly in line with the prior corresponding period and with the second half of FY24. Again, this is consistent with what we guided to in August. In terms of the second half for net finance costs, I'd expect a slight step up due to the increased buyback and two recent debt capital markets issuances that were completed well in advance of debt repayments scheduled for late FY26.

Free cash flow, shown in the table excluding growth capex, was lower for the half but remained solid at $237m. I've also highlighted Free Cash Flow including growth capex on this page, which was up 23% at $186m - this underscores the reduction in growth capex requirements in FY25 and I note these Free Cash Flow figures exclude the $37m of proceeds treated as a significant item.

An interim dividend of 9.2 cents per share has been declared, representing a payout ratio of 80%, which is to be franked at 60%. Looking forward, normalisation of cash tax in CY2025 will likely enable a material uplift in franking for the FY2025 final dividend assuming the dividend payout ratio is maintained at 80%.

Moving now to Network.

SLIDE 13: NETWORK

As I've said for the last few periods, the results for Network reinforce that it's a business which performs well in a higher interest rate and inflationary environment. Network EBITDA increased $9m or 2% to $495m. This outcome was driven by higher (allowable) regulated revenue and volumes which were generally in-line with the regulatory assumption.

I'll turn now to the bridge, which is shown net of electricity charges as these are a pass-through to Network customers.

As you can see access revenue was $26m higher driven by the application of the final reset WACC of 8.51%, applying from 1 July. This compares with the WACC of 8.18% which was applied on an interim basis in FY2024 and noting that the 0.33% difference contributes to the favourable rev cap, or true-up, to be received by Aurizon in FY2026.

Moving to the second bar, which shows that operating costs increased by $12m. This was due to higher maintenance costs, largely due to labour inflation and a proactive drainage program being undertaken to further increase the weather resilience of the Central Queensland Coal Network. Compared with the

maintenance allowance, we were over by $8m in the first half and expect a similar overspend in the second half. Subject to approval under the regulatory regime we would recover this over-spend in FY2027 as part of the rev cap.

As we highlighted at the full year results in August, Network benefitted from strong 3rd party construction works in FY2024. As a result, the first half of FY2025 has seen a net negative impact of $7m due to lower external works – the third and final wedge in the bridge that I'll cover.

In terms of the broader Maximum Allowable Revenue or MAR, in FY2025 the Network business is seeing an uplift of $76m. We will see a further step up of around $26 million in FY2026 driven by:

- FY24 rev cap of around $24m; and
- the usual inflation and capital true ups.

As usual, MAR waterfalls are included in the appendix.

Moving to Coal

SLIDE 14: COAL

Revenue in Coal was supported by a 6% increase in volumes, or tonnes hauled as it's described on the slide, as well as benefitting from contract rate indexation that is generally applied on a quarterly basis. Because of these moving parts, and the large impact from the normalisation of customer mix, you may have noticed a change in our usual EBITDA bridge on the right. Let me talk through each of the elements.

Starting from the left, the earnings benefit of the additional 5 million tonnes hauled can be seen with a positive $16m, noting this is shown after the operating costs of hauling the additional volume is taken into account.

Second from the left you can see the negative $26m impact of what we call customer mix - or yield, excluding contract indexation. You may recall from the guidance given in August that we anticipated a step-up in volumes but an associated fall in yield given the expected customer mix. The actual yield impact was slightly larger than expected with higher-yielding Blackwater volumes lower than originally projected.

Moving further to the right we've separately identified the impact from regular contract rate indexation as well as the increase in other operating costs. These are operating costs that are not directly associated with the uplift in volumes, an example being labour and materials escalation. Taken together, those two bars highlight a net earnings decrease of $6m against the prior period.

As Andrew mentioned earlier in the presentation, operating costs excluding access per NTK increased by 5% in the first half. Looking to FY2026, operating costs are expected to be broadly flat with FY2025 driven by lower maintenance costs, a reduction in traincrew driven by TrainGuard and embedding of improvements in cycle times and cancellations.

Moving on to Bulk.

SLIDE 15: BULK

Bulk revenue was flat at $560m driven by timing of grain railings, the cessation of a rail maintenance contract in the Pilbara and a derailment in Western Australia, partly offset by new customer growth in iron ore.

Operating costs increased by $29m or (6%) due to increased costs to support customer growth, holding costs for train crew and maintenance in anticipation of higher grain volumes in the second half and an increase in doubtful debt provisions. Excluding doubtful debt provisions, operating costs increased by 4%. Earnings for Bulk as a result decreased by 25% to $84 million.

To better show the drivers of the change in earnings, we have updated the waterfall accordingly.

Stepping through the bridge, we can see the first green bar of $6m representing the earnings uplift from iron ore customers, which includes the partial period railings from Northern Iron and Gold Valley. This was largely offset by the $5m impact from a derailment in mid-west Western Australia during the half, the cause of which is still under investigation.

Next on the bridge is earnings from grain which were lower by $12m, and largely driven by Western Australia. As Andrew noted earlier, we are expecting stronger grain volumes in the second half given the strong Western Australian harvest that has just closed.

The next bar I'll touch on is provisions, which had a negative impact of $11m. The increase is due to higher doubtful debt provisions for Bulk customers and represents the risk of recovering amounts owed to Aurizon. Railings for one of these customers was suspended during the half, and I note that while we are currently railing for each of them, there is a risk that they cease operations or don’t continue under the current contractual arrangements. This could represent a further downside for the Bulk business in the second half.

Lastly, the Other bar of -$6m is due largely to the cessation of the Pilbara maintenance contract I touched on earlier.

When you add back all the one-off impacts such as grain, WA derailment and provisions during the half, Bulk’s earnings would be closer to the figure achieved in the first half of FY2024. Notwithstanding the one offs, Bulk’s performance in the half hasn’t met our expectations and doesn’t reflect the capital invested.

Moving to Capital Allocation

SLIDE 16: CAPITAL ALLOCATION

Aurizon's ability to generate solid free cash flows and a reduction in growth capital has seen us direct a greater level of capital to shareholders in the form of dividends and buy-backs during the half.

Looking at the chart on the left-hand side, and you can see that the percentage of capital allocated to shareholders in the first half of FY2025 has returned to levels seen during the FY2016 to FY2021 period, albeit with a different mix. The largest driver of this has been buying back $229m worth of shares during the half. On top of that, we are pleased to have announced a further $50m extension of the on-market buyback to up to $300m for FY2025.

The other driver has been the step up in payout ratio to 80% of underlying NPAT, which as we said at full year results represent what we believe is a sustainable level. In line with our capital management

framework, we are able to maintain our strong investment grade credit ratings and deliver capital back to shareholders, while at the same time focussing on earnings growth.

By way of an example, in the first half, 80% of capital has been allocated to dividends, buyback and Network capex - which goes into the RAB. Of the remaining 20%, two thirds were allocated to sustaining capex in Coal and Bulk and the remainder to growth capital mainly focussed in the Central Corridor.

Turning to the right-hand side of the slide. Total capex for the half was $343m, down 14% on the prior comparable period, of which sustaining or non-growth capex was $299m. Around 65% of sustaining capital was deployed to Network, flowing through to the regulatory asset base.

As can be seen in the chart, total growth capex for the half was $44m, around $50m below the previous year. This variance is mainly due to lower capital requirements in Bulk and Containerised Freight as they begin to ramp up operations and, to a lesser extent, some rollingstock and terminal expenditure being delayed to the second half of FY25 and into FY26.

We continue to expect growth capex in FY25 to be materially lower than FY24.

Moving now to a Gearing and Funding Update.

SLIDE 17: GEARING AND FUNDING UPDATE

It's pleasing to see the chart on the bottom right and to reflect on the work done to lengthen and smooth the profile out to the mid 2030's. This reinforces what I've said for the last few years – that banks and debt investors continue to be attracted to Aurizon's credit profile and are supportive of our strategy.

During the first half we witnessed constructive credit market conditions, which supported $400m of new debt capital market issuances as well as the extension of ~$1.1b of Network's bilateral bank facilities out to FY28. These are shown in the orange bars in the bottom right chart.

The bulk of the financing activity was for Network, noting that our €500m bond, $711m in Aussie equivalent, was repaid in September 2024 and the next bond of around $780m Aussie is due for repayment in late FY26.

The two new capital markets issuances were a $100m tap of an existing private placement for 10 years, maturing in FY2035, and a $300m AMTN issued in December 2024 for 9-years. Across these two transactions we saw 46 investors being allocated with strong support from high quality Asian and domestic accounts. This reinforces the comment I made earlier about support for Aurizon's credit profile and strategy.

Also of note in the first half was the continued management of our hedge book, with an increase resulting in a higher hedge percentage at 94%, compared with 88% in FY2024.

Looking at some of the other metrics on the page I note the weighted average cost of drawn debt at 6.3% versus 6.2% in FY24, and the weighted average maturity now sitting at 5 years versus 4.6 years in FY24. The funding strategy remains unchanged, that is to ensure we access multiple pools of capital and lengthen the debt maturity profile to align it with Aurizon's long duration assets.

Importantly, we maintain a commitment to strong investment grade ratings, with Aurizon Operations' and Aurizon Network's credit ratings both at BBB+/Baa1. This commitment is supported by group net debt in half one at $5.1bn, as well as net debt/EBITDA which now stands at 3.2x. At a subsidiary level, net

debt/EBITDA for Network is still around 4x, while Operations is now 1.9x which is broadly in line with 1.8x achieved six months ago.

I'll say in closing that while there remains more work to do in terms of execution of the strategy and delivering a target return on invested capital, we continue to see solid free cash flow. It's this free cash flow that enabled Aurizon during the half to deploy $44m to growth capital while buying back $229m of shares and maintaining an 80% dividend payout ratio.

Thank you and I'll now hand back to Andrew.

Andrew Harding: Managing Director & Chief Executive Officer

SLIDE 19: PROGRESS AGAINST STRATEGIC AIMS

Thanks George.

This slide summarises progress on our strategic aims, that is:

- the resilience of our Network and Coal businesses;
- growth in Bulk driven by a national footprint and increased capacity; and
- our progress against the Containerised Freight aspiration, including the contribution of Bulk Central and National Interstate volumes.

The resilience of Coal and Network continues to be evident in today's results.

Our expectations are higher for both Bulk and Containerised Freight and I look forward to sharing this slide again with the market over the next reporting periods.

SLIDE 20: MARKET DYNAMICS AND ACTIONS IN PROGRESS

Prior to turning to the outlook, I will take the opportunity to share the market dynamics we are seeing and the actions we are taking in response.

Commodity prices across near-all of the major bulk products we haul on behalf of customers are lower over the past twelve months, with the exception of copper, zinc and alumina. For commodities such as coking and thermal coal, in addition to iron ore, the prices are returning from historically elevated levels. We are seeing an increased focus by our customers on unit costs which flows through to rail haulage.

On the Containerised Freight side of the business, it is a tough freight environment with lighter customer demand flowing through to industry volumes. This has been seen today with the interstate capacity utilisation not yet at break-even levels.

Generally Aurizon has inflation protection in the Network business through the regulatory framework, and also through our Bulk and Coal contracts. However, we are seeing price escalations in some parts of the cost base, such as locomotive components and at times labour, run in excess of these protection mechanisms.

On the competitive environment, Aurizon of course operates across a range of commodities, geographies and service offerings each with varying levels of competitive intensity across transport modes. This is best seen within Bulk. At one end of the spectrum is Bulk Central where Aurizon is the only Above Rail freight operator in Central Australia where we also hold the long-term lease of the track infrastructure. At the other

end of the spectrum we are competing for hauls not just with other rail operators, but also against road-freight operators. We have seen more volume volatility in the East and West parts of the Bulk portfolio this half, which has led to freight reviews I will speak to shortly.

In response to these market dynamics, there are four actions in progress.

The first is the completion of Bulk freight reviews in the East and West which have identified cost and fleet optimisation opportunities that are currently being implemented. This includes the movement of rollingstock between business units and regions.

The second action is an assessment of our non-operational cost base, targeting additional efficiency improvements for implementation during the 2025 calendar year. This is across the entire business, and not limited to the corporate function.

The third action is a review of the Group's capital and Network ownership structures. It is not dissimilar to what takes place internally on a regular basis, whereby the Aurizon Board undertakes a detailed assessment of the portfolio and capital structure of the company. In the past, this has resulted in:

- the divestments of the rail grinding business; and
- a change to the capital structure of the company to introduce debt at a Network and Operations level.

It can of course result in the retention of existing structures, such as a vertical integration model. The outcome of the review will be reported during the 2025 calendar year

The final action is the continued focus of capital deployment on Network and Central corridor, regions where Aurizon has a unique position in the supply chains, in addition to the extension of the on-market buy-back.

Following on from the increased presence we have in South Australia through the acquisitions of One Rail and now Flinders Logistics, a site visit to Adelaide is proposed in the June quarter with further details to come.

Turning to the outlook

SLIDE 21: OUTLOOK

The EBITDA, Sustaining and Growth capex ranges have each been maintained, although all three are expected to be at the lower end of their respective range.

- the Group underlying EBITDA range is 1.66 to 1.74 billion;
- the Sustaining capex range is 640 to 720 million; and
- the Growth capex range is 125 to 175 million

The lower end of the range is being guided to due to factors already covered today such as lower Bulk volume (and provision for doubtful debts) and increased Network maintenance spend.

What has also informed this view is the impact of rainfall in Central Queensland since January. Despite the Network itself largely remaining open throughout the period, the closure of port terminals resulted in a 14% reduction in rail volumes in the first six weeks of the current half. To put some tonnages on this, first half

Network volumes were almost four million tonnes higher than the prior year. Adding the first six weeks of the second half has reduced the year-to-date gains to just one million tonnes.

Coal volumes were down by 2.5% over the same period, with the divergent result between Network and Coal due to the Coal business also operating outside of Central Queensland.

I will also call out the Mount Isa line remains closed due to damage from heavy rainfall in late January. Although pleasing that our customers in North-West Queensland were largely unaffected from the rain event, we of course cannot operate trains while the track remains closed.

The key assumptions sitting behind our Outlook are listed on this slide and as usual, assumes no significant disruptions to supply chains and customers, such as major derailments, extreme/prolonged wet weather or any additional doubtful debt provisions.

On that, I will hand over to the operator for questions

Questions and Answers

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Your first question comes from Justin Barratt with CLSA. Please go ahead.

Justin Barratt: Hey guys, thanks very much for your time today. Andrew, just a question on Bulk. I mean you've mentioned that you remain highly convicted in the broader outlook for Bulk. But I just wanted to try and get an understanding of how much you think sort of this result is reflective of, I guess, the different market structure and industry dynamic and therefore, I guess, your potential ability to consistently sort of year in, year out, achieve EBITDA margins of sort of 20% to 25%, which is what I think you've spoken to in the past, George?

Andrew Harding: Yes. Look, thanks for the question. So, I'd say there are a few points that need to be brought together that underline why I remain very confident in the future. And we've done some of that, a reasonable amount of that in the presentation in pointing to some of the bridges that you've been taken through by George.

But clearly, a difference between the structure that you see in Coal, the Coal business is the Network business, and in the Bulk business is you have a strong seasonality effect in grain, and that grain is both in Western Australia and in South Australia, although the exposure that the Bulk business has volumetrically is significantly higher in Western Australia. So that's one thing that needs to be understood.

A strong theme that runs behind that, though, of course, is that West Australian grain production on a long-term trend continues to grow as crops are pushed or the cropable land is increased in the state. And then probably worth taking people back in time to how our business has dealt with prior fluctuations in some of the producers like iron ore in Western Australia.

So not long after the Bulk business was established, which was probably eight years ago. The Cliff's operation in the Yilgarn region in Western Australia was terminated. And then at some time later, you saw MRL coming to operate who in what is a shorter-term mining operation and then announced the shutdown and the wind-down of those volumes, which we've seen during the half-year period.

So, notwithstanding those two changes over the same asset, the Bulk business, while it did take a hit in the first early parts of its existence, probably 12 or 18 months into its existence, it recovered over a year or so after that period of time, maybe two years after that. So you do get a number of fluctuations that you don't see as strongly or that are not even exposed to in the Coal business. So that's just by way of trying to actually help you understand some of the differences that exist in the business.

The other thing I would say is the Bulk business continues to -- when I look forward at the opportunities that present themselves to us and with the addition of the Central Corridor, we have a broader portfolio of the business. And over time, as that business grows and the contracts become obvious to the outside world, you see a stronger portfolio position of just producing assets, be they mining or indeed agriculture.

And then you get some benefit that you get that you see in the Coal business where you're hauling from in excess of 40 mining operations. So, there's that element that comes with the spread and the size of the business as well. Hopefully, that helps.

Justin Barratt: Yes, it definitely does. But I guess I'm really keen to understand, again, as you sort of expand your portfolio of assets in your Bulk business, is it fair to expect this kind of earnings volatility as we sort of continue going forward? And so therefore, does that 20% to 25% EBITDA margin consistently sort of year in, year out, is that a reasonable expectation? Or is that going to be hard to achieve year in, year out?

Andrew Harding: What I might do is just get George to talk through what he sees when he looks at the long, from a long-term planning point of view and some of the colour that you can provide there.

George Lippiatt: Yes, Justin, we still think 20% to 25% EBITDA margins are the right numbers to look at for Bulk. I mean the first thing I'd say is, particularly with respect to grain and this year, you need to look at it over a full year rather than just the first half. given the variances. The second thing is the provision for doubtful debt that I spoke of is hopefully a one-off in the first half.

But certainly, when we're signing contracts and we're looking at the forward view, both in terms of EBITDA, EBIT, ROIC, we're expecting the types of numbers we've spoken about in the past. You just need to measure those, I think, over a longer period of time. And in this instance, I'm saying, look at the full year so that it normalises out some of the grain volatility and the provisions we've spoken about.

Justin Barratt: Great, thanks you both. And then just one other one for me. Just around your capex, I appreciate sort of the guidance now that's been, I guess, somewhat reiterated for FY25. But as your, I guess, portfolio of opportunities or pipeline of opportunities sit right now across your Bulk, Containerised Freight and Land bridging businesses. How do you think or how should we think about growth capex into FY26 and beyond, please?

Andrew Harding: George, do you want to talk about growth capex?

George Lippiatt: Yes, I will say as much as I can, Justin, because what I don't want to do is get into providing capex guidance for FY26 now. What we have said consistently on Containerised Freight is we are expecting to stand up that business in totality about $425 million of capital. Now about $225 million of that has already been spent in FY23 and FY24.

We are expecting somewhere between $75 million and $100 million in this financial year and then the balance will be in FY26, FY27. So that hasn't changed. When it comes to Bulk, we're seeing the level of growth capex in Bulk reduce and it being more driven by customer opportunities.

So, what I mean by that is if we don't land any big major customer contracts, you'll see growth capex reduce. If we do land some big Bulk customer contracts, then we can use some of the rolling stock we have already invested in that's still coming into the business this year, but you might see some additional terminal expenditure. So, my point being, Bulk will be much more contract-dependent when it comes to growth capex going forward.

Justin Barratt: Great, thank you.

Operator: Your next question comes from Matt Ryan with Barrenjoey. Please go ahead.

Matt Ryan: Thank you. I just wanted to be clear on the response to the question just before about Bulk. I appreciate all the colour on the one-offs. But can you give us a high-level view as to how abnormal the last 12 to 18 months have been or whether that's just the sort of volatility that we should expect?

Andrew Harding: Well, if you, so from a grain harvest point of view, you will have volatility at a seasonal level, and with West Australia being the least volatile and South Australia being the second least volatile and the Eastern states being the most volatile, we have almost no exposure to grain on the Eastern states. But I'm not going to say that those seasonal, not the cycle that is associated with the drought and the impact that that may have on harvest is not repeatable.

The thing I would say as well, though, is that the underlying volume that is actually being grown in Western Australia, for example, has been growing for at least a decade as they push out their crop into more marginal areas and use greater technology to actually plant for the harvest and that sort of thing.

When it comes to that overlaying with a sudden change although it was always going to happen for MRL in the Yilgarn region because it wasn't a long-term haulage from a

hematite point of view. That did come earlier than not. So that cycling in the same year as a drought has a serious probability attached to it, which you wouldn't expect to see that on a yearly basis if that helps you understand why I would say it is a less likely period of time than a more likely period of time from executing against our plan point of view.

And then to try and help as well, the size and spread of the business becomes, those things become less noticeable as the business becomes bigger and better contracted and in the more regional areas and across a greater scope of Australia.

Matt Ryan: And just a question on Coal operating costs. So, I appreciate the comments a bit earlier around inflation protection that's normally in place. Just hoping if you could help us understand the growth that you are seeing this year in opex, which seems to be higher than we thought it would be, but then sort of falls a lot next year to that flat outlook?

Andrew Harding: I might get Ed to talk about that

Ed McKeiver: Yes. Thanks, Andrew, and morning Matt. As George explained on the Coal bridge, the contract rate indexation didn't fully recover the increase in non-growth costs this year due to escalations in labour and materials, as Andrew has explained, but also because of additional one-off maintenance expenditures we had during the half, really focused on improving rolling stock and reliability.

The train crew and maintenance costs make up about two thirds of the Coal cost base, excluding our pass-throughs. So during the half, we focused on the rollout of train guard, as you know, that facilitated a 20% reduction in train crew cancellations and zero mainline SPADs as well, I might add. And we project a reduction in train drivers by around 50 FTEs during FY26.

In relation to maintenance costs going forward, they were higher in the half compared to the prior period. But as I said, that was due to one-off investments, specifically in some bring forward cyclical traction motor overhauls to improve the performance of our older DC electric fleet and also to review, when we, in the process reviewed our service maintenance intervals and wagon wheel inspection regimes.

Other specific initiatives are going to be the rationalisation of some leadership at depots, improving our train crew and maintenance productivity, and also managing maintenance cost inflation through alternative parts supplies.

Matt Ryan: Got it. That's helpful. Thanks, Ed.

Ed McKeiver: Thank you.

Operator: Your next question comes from Andre Fromyhr with UBS. Please go ahead.

Andre Fromyhr: Good morning. Thank you. I am just wondering if we could first talk about the revenue yields in the Coal business. I think you've been relatively open since last year's result that there would be a mix headwind this year. But I'm just curious to understand, does the half that we are observing today fully reflect those impacts or is

there still some to play out? And then I'm curious about which parts related to the previous question, which parts of the opex don't have that escalation built into your contracts?

Andrew Harding: George, I might get you to give that out.

George Lippiatt: Yes, sure, Andre. So maybe the first part of your question, what do we expect in August and what do we see in the half? We expected the movement that we saw, so higher volumes offset by a lower yield, but the lower yield was probably a little bit more pronounced than we expected mainly because Blackwater volumes were lower.

So, if you look in the back of the pack, we break down coal volumes by corridor. Typically, Blackwater is a higher-yielding corridor as is Southeast Queensland and New South Wales and we saw slightly lower Blackwater volumes. So, that's why the yield impact or customer mix impact was slightly bigger in the half than what we expected.

In terms of moving forward, it's always really hard to predict customer mix. I expect it will look similar in the second half to the first half. That's certainly what we based our guidance on. We will get a firmer view on FY26 as customers make their nominations as they tend to do over the next 3 or 4 months.

In terms of the last part of your question around operating costs and what flows through in the contract indexation that indexation is different in every contract. But in the main, that indexation covers both our usage charge and our capacity charge. So, the full contract rate escalates.

Andre Fromyhr: So, which are the cost lines effectively you're exposed to the inflation, but not able to pass that on? Is that pass-through of labour?

George Lippiatt: Yes. So, we don't work on our pass-through pricing mechanism. We give the customer a rate in terms of access charge and usage charge. So, think about that as the take-or-pay component, the capacity charge and they escalate. In terms of our cost base, obviously, you've got fuel, which is a pass-through. And then where we take risk is on the train crew and maintenance costs in terms of consumables.

And so where our, say, labour rates are escalating above CPI, then there is a risk there or where we have to do additional maintenance spend, like Ed outlined, to make sure we have higher reliability for our customers, we take that cost risk. Hopefully, that answers your question.

Andrew Harding: And where you're pulling forward some maintenance spend to increase the reliability, the expectation or the planning that goes with that is that you've pulled it forward and you're not repeating it in the next period.

Andre Fromyhr: Yes. I just wanted to ask then about the non-growth capex. It looks like it's come down a touch year-on-year. But if we look at, at least in the Coal and the Bulk segments, the maintenance capex as a percentage of depreciation is quite low in the order of 50% to 80%.

Just curious if you could comment on how sustainable that run rate is going forward. And are there particular, I don't know, fleet cycles that we need to think about for how maintenance capex might change going forward?

Andrew Harding: Keep going, George.

George Lippiatt: There are always fleet cycles, but when you look at the half, and I'm probably better to answer this question at the full year, I don't think FY25 will represent anything abnormal in terms of us not doing our typical fleet overhauls. What you are probably picking up, though, Andre, is the accelerated depreciation in Bulk Central. So that depreciation is higher relative to our capex, and that obviously has an impact when you look at sustaining capex versus depreciation.

Andre Fromyhr: Sure. And just one more, if I can. I was interested in the trade-off conversations you might be having internally or with the Board between the buyback versus payout ratio decision. So, why does the extra $50 million in your view, why is that better spent on buyback as opposed to just paying out a bit more?

Andrew Harding: So, the idea when you're setting a payout ratio – to give you some colour behind some of the discussion - you have a payout ratio of 70% to 100%, and when you're picking a number in the payout ratio, what you're trying to do is pick a number that's something that you don't change very often. And having had experience of taking it down, you really want to pick a number, you don't take it down likely in the near future because that going up is celebrated and going down is whatever the opposite of celebration feels like.

So that's a reason for not making sudden changes. The other thing is, franking credits are reasonably 60% thereabouts or 60% to 80% number if you look historically. And in those sort of numbers a buyback is actually - probably from a neutral point of view - it's a sort of sensible decision to make. So, when you add those two concepts together, you get a bias to buyback. That's how I see it anyway.

Andre Fromyhr: Sure. Thank you.

Operator: Your next question comes from Jakob Cakarnis with Jarden Australia. Please go ahead.

Jakob Cakarnis: Morning Andrew, morning George. Can I just focus on the bad and doubtful debts that's been raised in the Bulk division? Can you let us know if that's come from one or two counterparties or multiple counterparties? And then, George, can you just flesh out your comment as to those being one-off? What are the conditions that you'd need to see those realised again in the second half, please?

Andrew Harding: George, do you want to deal with doubtful debts?

George Lippiatt: Sure. I can say, Jakob, it is a small number of customers, but it is a number of customers. And the provision we've raised represents the likelihood, if you like, of us recovering the receivables that we're owed. In terms of the second half, obviously, I said we're currently railing for those customers. And so, if we continue railing and

those customers meet their payment plans with us, then we may see a release of that provision.

However, if those customers don't meet their payment plans or we cease railing for them, then there's a risk that provision increases. I don't think I could say anything more given the confidential nature of the discussions with customers.

Jakob Cakarnis: That's fine. But just to go into the quantum relative to the first half, if the current scenario plays out that we're at the situation again, are we thinking in the quantum of around $11 million in the second half of FY25, if it continues as is?

George Lippiatt: Well, it's difficult to speculate because I don't know what will happen with other customers in the second half. So, it's very difficult to give a firm dollar figure or an indication on that.

Jakob Cakarnis: Okay. But just to be clear, there's nothing then in the underlying EBITDA guidance for a continuation of what you've seen in the first half?

George Lippiatt: No, we are not assuming further provision for doubtful debts in the second half.

Jakob Cakarnis: Cool. Thank you. One for Andrew, just noting some of the Network structure review that's going on. Why is that occurring now? I know you've said that this is a regular review process that goes on into the business, but just wondering why now, what's being reviewed, and whether or not that requires changes at all to the company's or the Network's constitution.

And I guess what I'm getting out there is, have you been actively speaking about some of the ownership structures that you're required to adhere to in that Network business?

Andrew Harding: Okay. I'd draw your attention back to the Slide 20 in the pack where we talk about market dynamics and the things that we're doing. So, what I found important when I was looking at the results was to make sure that we were not only reporting on what it happened and the economic conditions we saw, the customer demand we saw, the inflation cost base and the competitive environment.

But what we were doing about it, because otherwise it's just showing people what's in the rear view mirror and not talking about what you might be seeing through the windscreen - to use what's currently being talked about from an earnings point of view.

So, that led to a number of actions by no means all the actions in the business, but they are the ones that I thought of were significant enough to highlight to people that we were doing. And that's where I raised the Bulk reviews that have taken place in the East and the West coast of the country, that’s where I talk about the non-operational cost base review that we're doing with an implementation in the calendar year. And that's where I do also talk about the Group's capital and the Network ownership structures considerations, pointing out though that they have taken place for quite a number of years. And as I've told, I regularly get asked the question and I

regularly respond to it, is that that's a serious process that the Board goes through every year.

I'm explaining that as part of the actions that we are going through in reflecting the thinking that I had when I looked at the results that we're experiencing. And I also talk about where we focus capital which is into the Network and to the Central corridor and surplus being directed back to a buyback. So, that was to package together a number of bigger actions and initiatives for people to understand that you just don't sit here and look at the results.

Jakob Cakarnis: Okay. But if there were to be a Network structure review, would you need to lobby to change the constitution of the ownership structure related to Network?

Andrew Harding: Look, I think you're getting way in front of yourself from that point of view. The criteria by which Aurizon was floated from the government back in 2010 is public knowledge. And I just don't think it's any worth me going into any more detail on that.

Jakob Cakarnis: Thanks guys.

Operator: Your next question comes from Cameron McDonald with E&P. Please go ahead.

Cameron McDonald: Good morning. Just going back to the provisioning, just can I just unpack that a little bit? Are you getting any protections in the form of bank guarantees or anything like that, that prevent a continuation of these issues given that you're now railing?

Andrew Harding: George, I think you should handle that again.

George Lippiatt: I can't go into the specifics with these customers, Cameron. But what I can say - when we look at all of our Bulk, Coal and Containerised Freight customers - we look at security in the form of bank guarantees or other security, we look at payment terms, including how we can shorten those. Sometimes we look at prepayments.

And so, we look at all of those tools and we try and apply them to each individual circumstance before we rail. I think that's all I can say with respect to how we approach it generally rather than talking about the specific agreements with the customers that are included in our provision for doubtful debts.

Cameron McDonald: So just to focus, you've said it's a small number of customers which I can probably guess. But at the current run rate, if this was to continue to be another $11 million in the second half, that's 27.5% of the acquired EBITDA of One Rail. Does that lead to an impairment or a conversation with the auditors at the full year?

George Lippiatt: The customers represented in the provision for doubtful debt aren't just in Bulk Central. And what I'd say is we have goodwill in the Bulk business. So, we test that goodwill on an annual basis and FY25 will be no different.

Cameron McDonald: Okay. And just on that ownership structure review as an extension of the last question, have you had anyone approach you externally about looking at an investment in that business?

Andrew Harding: So the truth is we have had many banking groups come through with pitches over the years on various sort of structures that are in the Aurizon business, but I've seen that probably for the last six or seven years. And apart from them, I haven't had anything else happen.

Cameron McDonald: Okay. Thank you.

Operator: Your next question comes from Anthony Moulder with Jefferies. Please go ahead.

Anthony Moulder: Good morning all. If I could start with other. I know it's a smaller part of the business, but within that was a write-back of legal settlements. I guess that's part of what was taken below the line. Can you comment as to how big a part of other that was for first half FY25, please?

Andrew Harding: Yes. George, do you want to comment on that?

George Lippiatt: Yes. Hi, Anthony, I can't say exactly what the total settlement was on those legal matters because we signed confidentiality agreements. What I can say, though is we booked $37 million below the line. That is well more than 50% of what we received in terms of the settlement of legal matters. The balance is above the line.

But remember, we also incurred costs in other to pursue those legal settlements. Some of that will be in FY2025 in the first half and also in prior years. I think that's the best I can say.

Anthony Moulder: It just looks like, obviously, other was a better result or flatter result first half versus prior year. I'm just trying to work out how much of that was these legal costs, the offset from that versus the actual performance of Containerised Freight?

George Lippiatt: Yes. I would say that Containerised Freight is still performing at a utilisation of around 60%. So at that level, it's still a drag on earnings, albeit an immaterial drag. So the main benefit in other was the settlement of legal matters. I just can't say the exact quantum given the terms of confidentiality when we signed the settlement deed.

Anthony Moulder: Can you talk to your own legal costs in last year and on this first half FY25?

George Lippiatt: Less than $10 million in FY2025. That's all I can say.

Anthony Moulder: Okay. It looks like land bridging, you've got this deal with ANL which was announced today. It looks like that vessel coming in and out of Singapore through Timor, maybe it's 30 odd thousand TEU. How big do you need that land bridging to get to before you can start signing other customers to Containerised Freight? That's the first part.

And secondly, is the economics of that land bridging contract similar to what you expected when you presented on land bridging back at the Investor Day in Darwin?

Andrew Harding: Anthony, Gareth has been dying to answer his questions on land bridging for some time. So I'll let him start.

Gareth Long: Thanks. Hi, there Anthony. And so yes, I mean, it's a fantastic achievement to see land bridging come to fruition. So those operations commenced in November and we're in a ramp with ANL with vessels calling into Darwin approximately every 10 days with land bridging volumes destined for Adelaide.

And those operations to date have confirmed the quality of the service offering and particularly the time savings to cargo owners when compared to the shippers' existing scheduled services of up to 10 days. So I might remind listeners that there were many who said this wouldn't work and I'm delighted to say you can go into ANL's website and now book a box from Singapore to Adelaide via rail, which is a great achievement.

In terms of our outlook for land bridging, we remain very confident. And as I think I said at Investor Day, our target range for EBITDA margin is in that 20% to 30% that continues to be the case. And whilst those volumes are modest at the moment, we are confident to see those volumes grow.

Anthony Moulder: But the expectation on land bridging was to take it through to Melbourne or that was the bigger market. So is this purely going down to Adelaide, which shouldn't affect you to contract capex Containerised Freight beyond TGE into the wider market?

Gareth Long: Yes, absolutely. So this initial land bridging opportunity is into Adelaide. There may be other opportunities very close that could see those land bridging volumes to other Southern capital cities. And even with that Adelaide freight, there will still be a connection into our interstate network. So I would say watch this space, Anthony.

Andrew Harding: Anthony, if I could add, if you're trying to argue against a disruptive idea, the first thing and the thing you repeat endlessly is it will never happen. So we've just proven that it did happen. So that's the biggest argument against the idea, which is why I think it's a very significant milestone. Now if you continue to want to argue against an idea, you say it won't grow or it's no big threat.

So I suspect you'll hear people saying it won't grow and it's no big threat. The problem they've got is it is growing and it is a big threat. Thank you.

Anthony Moulder: I understand that. And NYK logistics is something else that you've called out, but that would be car volumes through to Melbourne more specifically than Adelaide. Is that fair?

Andrew Harding: Look, so Melbourne is indeed a big market for any of the land bridging considerations, but it's not the only market for land bridging considerations. And as we grow the business, you'll see us stepping through all the market opportunities.

Anthony Moulder: Thank you.

Operator: Your next question comes from Sam Seow with Citi. Please go ahead.

Sam Seow: Morning guys. Thanks for taking the question. Maybe just a couple on coal to mix things up. You got solid growth in volumes there up 6%. But just looking at your commentary, you probably started the third quarter a little bit soft and what looks like

to be a reasonable fourth-quarter comp you have to cycle. I appreciate the rains out of your control, but just at a high level, do you expect the second-half coal volumes to be up year-on-year?

Andrew Harding: Ed, I might get you to give some commentary on that.

Ed McKeiver: Thanks, Andrew and morning Sam. We're seeing variations by region and customer. It's normal in the industry and some of our larger customers in relation to the second half have recently reaffirmed the guidance. So we're expecting the second half FY25 volumes to be slightly lower than the first half FY25 volumes. That's assuming a typically strong fourth quarter. It will be more than offset by the extended port outages we've seen during the first six weeks.

At a portfolio level, we're down about 0.5 million tonnes in the first 6 weeks of this year. Downside impacts in Goonyella and Newlands have been offset by our growth in SEQ and consistent volumes in the Hunter Valley, but we anticipate disruptive supply chains to return to normal over the next few weeks.

Andrew Harding: I'd just add the important thing that I said in my opening remarks was that the network was largely unaffected. So as a result of both where the heavy rainfall was located, but also largely because of a lot of the protective work that the network had undertaken when understanding some of the changes in the way that the rain has been falling and the network has been performing over the last couple of years.

So, while the network has had a decent level of resilience in it, and we've actually increased the level of resilience. And we were delighted to actually see how it performed during the recent period. And the impacts on the network were indirect basically, through the actual challenges that the ports had because of the -- particularly because of the concentration of some extremely high rainfall in those particular areas.

So, I don't want to understate how strong the impact was in the first couple of weeks, but the underlying asset that links the mines to the ports is actually in quite good condition. And if you look back in history at the fourth quarters that you see where the mines are largely un-impacted and the network is largely un-impacted, you see quite strong rates that are available through the fourth quarter and indeed, in historic terms, more than we'd need to actually achieve the sort of numbers that Ed spoke about.

Sam Seow: Got it. That’s helpful. And maybe just a quick question on depreciation in Coal. It looks like it's flat to modestly backward, but you've obviously grown your volume in sales there. So, should we just assume that there's no more capital being invested in that business? Or has there been a change in how you're looking at things?

Andrew Harding: George, do you want to give some colour to that?

George Lippiatt: Sure. No, no change. We think we've got the fleet to move our contracted volume, Sam. So effectively, what you've seen is underutilisation of that fleet over the last two or three years. And if you went back in time, you would see that contract utilisation was up around 90%. If you look at this half, we're still around 85%. And like I said,

we've got the fleet to move our contract book. So yes, I don't expect a material change in Coal capex to move the volumes that we're looking at in the near term or the medium term.

Sam Seow: That's helpful. Thanks, guys. Appreciate the colour.

Operator: Your next question comes from Ian Myles with Macquarie. Please go ahead.

Ian Myles: Hey, guys. Just a couple of questions. Sorry to harp back on the provisions. In your accounts, you talk about 107 million of receivables, which are now overdue, and that's up $60 million from previously. Just wondering where the bulk of those overdue receivables are coming from?

Andrew Harding: I'll get George to answer that, Ian.

George Lippiatt: Yes. Ian, you picked up Note 4. That's good, in the accounts. Look, it's -- effectively all of it is in Bulk and Coal. We haven't given a split, and I don't intend to give a split. But what I would say is that represents the amount of receivables that are past due. So, what that could mean is we have some contracts that have 7-day payment terms, and we have some contracts that have 60-day payment terms. As soon as they go over, that due date, that's what is reflected in that increase.

Ian Myles: Have you normally seen a $65 million or $66 million increase from period to period?

George Lippiatt: No, that is larger than we'd expect, but it's consistent with the increase in that provision for doubtful debt, which is why we wanted to add in that disclosure in Note 4.

Ian Myles: I just, I'm sorry, I'm sort of wondering, are we at risk that, that provision could be even larger in the second half if SIMEC fails and the Queensland ones fail?

George Lippiatt: There is a risk that that provision could be larger in the second half, as I called out in my speech. Some of those amounts, though, Ian, I'd say we have recovered since the balance date of 31 December. So, I don't think that that 60 million remains 60 million. I can't give more detail on that. But yes, there is a risk to your question.

Ian Myles: Okay. I'm glad to hear you've got some of it back. In terms of your new contracts, if you think about the iron ore, for the new contracts you signed, what's the average mine life of those -- collectively of those new contracts?

Andrew Harding: Anna, I might get you to talk to that.

Anna Dartnell: Sure. In the Bulk contract book, obviously, there are a number of different iron ore producers, and the length of those contracts, I think we've shared in a number of the updates over the years. What we saw, probably the biggest change that we've seen in the last half has been the railings that Andrew alluded to of Northern Iron starting, and that's a 2-year contract term.

We actually also with the changes in MRL's decisions on their Yilgarn assets, that actually created an opportunity for hauling to start with Gold Valley, which was a

road-to-rail conversion. So that's a 10-year deal that we've done with Gold Valley, and we have already seen two stages of increase in volumes under that new contract.

So, across the portfolio, the contract terms are mixed. But what we are actually seeing is a real appetite for iron ore producers to find a pathway to market using rail.

Ian Myles: And does the Gold Valley income eliminate the loss of income from mineral resources, so you net square?

Anna Dartnell: Yes. Look, it's not a like-for-like in terms of the solution because of the fact that it is a road-to-rail conversion. So, it's a slightly more complicated haulage solution. But we are seeing with the growth in expected volumes coming through that they will be offset to a large degree.

George Lippiatt: I think the short answer is no, Ian. It's a net negative from MRL coming off and then Gold Valley coming in.

Ian Myles: Okay, that's fine. In terms of the velocity of the Coal fleet, can you maybe articulate how that's changed from the period and how you might be able to improve it?

Andrew Harding: Yes. I might get Ed to talk about some of the factors behind velocity and some of the improvement work we're doing.

Ed McKeiver: Yes. Thanks, Andrew. Morning, Ian. Maybe a quick comment on the first-half performance. We saw supply chain performance improved both in capacity and levers, not on an average velocity perspective, but network usable capacity increased. We saw improvements in scheduled cycle and yard times by about 20 minutes of consist. And in that environment, we achieved 10% reduction in cancellations over the half.

So, there's a number of benefits that we're seeing flow through. We work closely with all network providers, Aurizon Network, of course, but also the ARTC and Queensland Rail to minimise our impact on the network, always sort of pursuing and trying to look to dwell times and keep our trains moving and out of yards.

Ian Myles: Just one final question on Containerised Freight. At what point do you have to test for maybe an onerous contract on the Containerised Freight given you've seen structural reductions in the volumes coming from the primary user of it and the length of rolling out land bridging taking probably longer than you had anticipated?

Andrew Harding: George, do you want talk about onerous contracts?

George Lippiatt: Sure. I think the answer is, Ian, if we view that, the contract was going to be loss-making into the future, and that's not our view at this point. I think when we spoke about the utilisation of Containerised Freight, we said there the macroeconomic conditions, which we think are not permanent over the 11-year contract.

And there's also the puts and takes of market share for TGE versus its competitors. So, we don't think those are necessarily structural. We think they change over time and will improve over the 11 years of the contract.

Ian Myles: Okay, thanks guys.

Operator: Your next question comes from Rob Koh with MS. Please go ahead.

Rob Koh: Good morning, just a quick question more from a modelling perspective. So, for Containerised Freight volumes on Slide 19, where you've very helpfully shown us the half-on-half volumes. Can you maybe just give us a sense of how much of the half-on-half change is the seasonality versus the ramp-up?

Andrew Harding: Gareth, do you want to answer that?

Gareth Long: Yes. Thanks, Rob. So, I think as Andrew mentioned earlier, we did see some uptick in the run-up to Christmas. But I would say from an outlook point of view and from a modelling point of view, you may recall when we set the Containerised Freight business, we said we had to get to around 70% utilisation if we were to breakeven. I expect us to achieve that run rate by the end of the financial year.

Rob Koh: Okay, great.

Andrew Harding: And Rob, if I could add something in probably to push back a little bit on seasonality. There is definitely seasonality in the business, but record rates of throughput in the Containerised Freight business happened last week in the entire series of times since we started.

Rob Koh: Yeah, it's pretty fast take-up rate there and the implied breakeven point. So yes, I just wanted to take out a little bit of noise from seasonality and make sure I didn't overcook it or undercook it. Thank you very much. Yes.

And then I guess we should probably have some questions on Network. So, I have two questions. One is I'm just looking at the Network accounts, you're running at debt-to-RAB of about 67%. Is that about right?

Andrew Harding: I'll get George.

George Lippiatt: Broadly right. Yes, Rob.

Rob Koh: And I guess that can go up and down just depending on comfort within the credit rating. Is that the way to think about it?

George Lippiatt: Yes. I mean the best way to look at the credit rating in Network under our BBB+/Baa1 metrics is FFO to debt. Our ratings threshold is 13%. I think we're sitting at about 16%. And if you look back in history, we've never dropped below 15%. So, we typically have a pretty good buffer to that 13%. So pretty comfortable relative to our credit rating metrics.

Rob Koh: Okay, thank you. And then I guess a question as you're heading into UT6 and for those of us old enough to remember the experience of the previous reset, this one should be a whole lot more civilised, I'm hoping. Can you give us any colour on any of the kind of operational gives and takes that you'll have with customers in this upcoming negotiation?

Andrew Harding: Yes, Rob, I'll hand over to Pam, who's delighted to actually get a question this session that's relevant to us. And I will say just from a global point of view, from your question point of view, far more civilised. Clearly, we needed a step change last time. And thankfully, we achieved that.

Let's not go over the process. But this time, things are working particularly well, and the whole industry has many other challenges to deal with and doesn't need a repeat of the UT5 process. So, I'll hand over to Pam to talk you through some details.

Pam Bains: Thanks, Andrew, and thanks for the question. In relation to UT6, we have commenced engagement with our customers and relevant stakeholders, and we put a copy of our engagement plan out on the QCA website. I mean, it doesn't expire until 2027. So, we still have a fair bit of time, but we're starting early.

And we're seeking to lodge a proposal with the QCA before the end of the calendar year and the timelines for development, given what we have to do and work through with our customers, that time frame is based on the expected time frames associated with the QCA review and approval.

There are a large range of amendments. We are working with the industry through the different policy and revenue matters. We haven't openly sort of got into the details of which operational areas. So, I would prefer to give you an update as we progress the conversations as we get to the end of the financial year when we speak again.

Rob Koh: Okay, many thanks, appreciate it.

Pam Bains: You're welcome.

Andrew Harding: Rob, I probably would just add to Pam's answer. When she said there's quite a long list of amendments. You've got to remember that there's quite a long list of customers. So, it actually doesn't take many customers to come up with one thing they'd like to see change before you got a long list.

Rob Koh: Yes, that makes a lot of sense. Thank you. That's great.

Operator: Your next question comes from Nathan Lead with Morgans. Please go ahead.

Nathan Lead: Good day team, thanks for taking my questions. Just the first one. The comment about the review of the capital structure, is that something where you're looking to potentially let your credit ratings drop and therefore, have more capacity to do buybacks?

Andrew Harding: I'm pretty confident at the moment, Nathan, in direct response to your question that, that's not something that we're considering from a credit rating point of view.

Nathan Lead: The review of capital means what?

Andrew Harding: I'll get George to talk about any more details. George?

George Lippiatt: Yes. So, I mean we're still going through that process, Nathan, so I won't pre-empt it. But what I would say is point back to what we did when we announced a review in FY18 and FY19 around Network. And now that was both about capital structure and ownership structure.

And if you look back to what we announced then, we said we're retaining the Network ownership in its current integrated model, but we changed the way that we geared Aurizon such that we could put in debt at the operations level and the Network level. So that's what we did in FY18, FY19 as a result of that review. We'll look at various options through this process, and we'll talk about it more in August at full-year results.

Nathan Lead: The second question is Bulk. You made the comment that you're not happy with the returns you're getting on the Bulk investment. I suppose the thing that worries me about the ramping up on those returns is the Karara mining contract. If you jump on to their website, you can see that it's actually announced that they're putting that up for tender, those above rail services.

So I mean, how significant a risk, I suppose, to the improvement to Bulk's return ramp-up? Is it from the sort of competition for that contract? Do you see yourself being in a strong competitive position? And if you were to lose it, can you make any comment about what sort of earnings impact it could be or what you can do with the assets in that business in that contract?

Andrew Harding: Yes. Look, Nathan, we're obviously not going to comment on any particular position with any particular customer. The underlying thinking that goes behind me saying that I remain confident in the growth story for the Bulk business takes into view the current position with all of our customers and expected position with all of our customers and further growth positions or contracts. So it's a holistic view of all that. And to get in any more detail would be crazy for me to do so.

Nathan Lead: Okay. And just a final one for me, just a bit of detail. So if I go on to the statement of cash flows, is that just within that net cash inflows from operating activities, there's another income there of $55 million. What does that relate to?

Andrew Harding: Nathan, I'll get George to answer that question for you.

George Lippiatt: Principally relates to the settlement of legal matters, Nathan.

Nathan Lead: Is there any more to come? Or is that it?

George Lippiatt: That is it for the legal matters that we have settled.

Nathan Lead: Okay, thank you.

Andrew Harding: Don't say anything more, George. There's always opportunity out there, Nathan.

Operator: Your next question comes from Owen Birrell with RBC. Please go ahead.

Owen Birrell: Yes, good morning, guys. I'm just wondering if you could just give a quick comment on the Flinders and Gillman acquisitions and what the nature of the direct contribution from those assets are into the second half?

Andrew Harding: Anna, do you want to talk about where we're up to with that acquisition and integration?

Anna Dartnell: Yes, sure. Thank you. Thanks, Owen. So the acquisition went through at the back end of last year. And the addition of Flinders Ports[1] effectively creates the opportunity for us to provide integrated pit-to-port solutions all the way through the central corridor.

You will recall, we've already talked about activating Darwin Port facility and the lease that we hold and stevedoring services we deliver in that part of the world. With the addition of Flinders Ports[1] into the Bulk business at the end of last year, we now have the ability to run product north and south through the central corridor, giving customers options.

In terms of how that actually is developing, we're seeing really positive early signs for volumes through the Flinders Ports[1] assets in both Adelaide and Port Pirie, and we're actually seeing it really develop a strong response in terms of activities we're undertaking within the region.

Owen Birrell: I was just wondering, has that facilitated any additional contract wins that are starting to come through on the freight network? And was that a big driver of the land bridging deal that you're able to cut with ANL?

Anna Dartnell: It's probably a little bit early to be able to make announcements on contract wins, although I look forward to sharing those with you at a later date. Flinders Ports[1] really sits separate to the land bridging solution.

Owen Birrell: Thank you.

Operator: The next question comes from Scott Ryall with Rimor Equity Research. Please go ahead.

Scott Ryall: Thank you. Andrew, your Slide 20 meant that I can fast track by 6 months my question on the Network. And I know you've done it already to some degree. But I'm just wondering in terms of looking at the Network ownership structure, as I say, I ask this every year, and I'm just wondering if this review is any different than previous

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[1] *Reference to Flinders Ports in this context was inadvertent – correct reference is to the acquisition of Flinders Logistics (subsequently renamed to Aurizon Port Services (SA)*

years? Or is it literally just the same review you do and you're just highlighting that you do actually do this stuff every year?

And then the second question, just further to Pam's answer before. I'm wondering just if you start filing documents by the end of this year and what you think roughly speaking, you would have a resolution. If all goes kind of as you expect, do you hope to be in a position where it's 6 months to 12 months out from expiry that you're announcing the UT6 agreement?

Or is it likely to -- because I think Rob also has been around long enough that we remember some of these things going past the expiry date as well historically when things weren't perhaps as well done as you guys managed to do it last time around.

Andrew Harding: Some big topics in that, Scott. So look, I think my now infamous Slide 20, I think the clearest that I could say to you is that the way that the Board has gone through the question about the Network ownership and the way that the Board is going through the Network ownership this time is no different.

The similar process, high degree of rigor, great attention to it and thoughtful and supplied. The only other topic I would point out is that the environment that we're in probably has some difference in the share prices at a significant low. So if I can help you think through that. Then as far as UT5, UT6 transition goes, I think we definitely learned a lot from the last process.

And I know the way that the Network business has been working with customers since we established UT5 and particularly under Pam's leadership of it has been an extraordinarily strong growing of the relationship and understanding of the benefits that come out of the business. So I might just get Pam to say a little bit more about it.

Pam Bains: Yes. Thanks, Scott. I think just to reiterate Andrew's point, we have been working very closely with our customers, and we're meeting on a regular basis. Again, we're strongly supportive of retaining and incrementally improving the regulatory arrangements that we have in place. And customers have indicated that they're supportive of the same process.

So it may be not a long drawn-out process given how early we've started. However, it depends on what we do agree on. So there's still some work to do around the different matters. So I'm hopeful that we will have some kind of agreement before the expiry, which would be a first, which would be great, too.

Scott Ryall: Okay, thank you. I think, Andrew, you'll get plenty of updated pitch decks coming your way would be my suspicion. Can I, Andrew, this is a bit of a bigger picture question, and you touched on it a little bit in terms of your answers on Bulk and specific end markets related to Bulk. I'm just wondering, you've been around the resources industry for a long, long time. Leaving aside the actual bulk commodities, iron ore, and coal, how do you see the competitiveness of Australia relative to its traditional competitors?

There's been on the East Coast, Incitec Pivot's got Phosphate Hill up for strategic review. And on the West Coast, lithium, nickel, those sorts of things are really

struggling. Could you just give us a sense in terms of the end markets that you consider in that resources space, and how you see Australian competitiveness? And I guess part of that is what can you do about it increasingly given you're bullish about the outlook for the business?

Andrew Harding: Yes. Look, I think the competitiveness of Australian mining hasn't been as strong in the last couple of years as an industry, and that includes the people that haul for the industry as well. It hasn't been as strong from an end-customer point of view as you would have hoped. And you've picked a couple of words there, productivity is not growing. Labour cost rates are particularly high.

And the energy transition is one, particularly for big industry, you need good and stable energy prices, and we've seen the opposite of that actually. And so that is not a nice packet from an Australian industry point of view. And it's a very big thing to throw a blanket over the whole of the mining industry.

All of those things are within government and industry's control over time. So they are levers that can be pulled. Internationally, while I haven't been in the international markets for some time, I lived overseas for 11 years before coming back to Perth and then to Aurizon. The international competitors are upping their game, and we haven't been upping our game. So we have to work harder.

Against all that, it's a very big installed base of specialised skills. There's a very strong market; a series of engineering firms and construction firms and operations firms that support the industry, which is actually bigger than most countries and more deep than most countries. So it's a fabulously supported market.

So assuming that we can get a handle on some of the issues that are not just for the mining industry; productivity, energy costs and stability and labour cost. You see those things turn around and put us back in a competitive position with the rest of the world, that would then see you grow at a much more sustainable rate.

But I think it's tough. It's tough for the industry now, and it will be tough for a number of years until those issues are worked through, but they are controllable by us.

Scott Ryall: Sure, don't doubt that. And then in terms of thinking about how Aurizon can do things a bit differently to perhaps what you've referred to as the installed base, where do you see the opportunity where you can get in? I know there are problems you can't solve there. But in terms of being as competitive as possible, what are you focused on in terms of picking up business in these areas?

Andrew Harding: So, we see and hopefully have evidence for you in the near future of the ability to compete with road in specific areas. And that's particularly where you've got longer hauls available. I think you'll see that. I think you see the ability of the business to react to opportunities and threats is faster now and definitely is part of what we're doing with the multiple Bulk reviews, particularly to increase the nimbleness of the operation's ability to adapt because rail has a lot more fixed components to it if you actually use an old model in your head.

And so you actually have to change the model that you think about how you operate those businesses. Now that's kind of within our control. What would also be helpful once you get outside of Aurizon-owned networks is the sheer resilience of the underlying infrastructure.

And there is a large amount of infrastructure that is owned by the government that in recent times, attention has been paid to it, particularly in the last couple of years, but no attention was paid to that infrastructure for longer than I've been alive. Serious effort and funding need to go into some of those areas to increase resilience over time.

You've seen some of the larger freight forwarders, particularly or one of the largest talk about the biggest single gap to putting more product, which they want to on rail is the resilience of the East-West corridor in Australia. So it's a mixture of things, quite a bit in our control and then some of it does need the owner of that asset to step up and actually fund it properly.

Scott Ryall: Okay, great. Very thoughtful answer as usual. Thank you very much.

Operator: There are no further questions at this time. I'll now hand back to Mr. Harding for closing remarks.

Andrew Harding: Okay. Well, look, thanks for joining us on the call today. As I noted earlier, the resilience of the Coal and Network continues to be evident in today's results, but our expectations are higher for both Bulk and Containerised Freight. The strong cash flows generated by Aurizon are being returned to shareholders in the form of the 80% dividend payout ratio and a further extended buyback, while at the same time, continuing to pursue growth. I look forward to delivering for investors in 2025 and against our longer-term aspirations. Thank you.

[END OF TRANSCRIPT]