



Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

14 August 2017

Aurizon announces outcomes of Freight Review

Please find attached announcement for immediate release to the market.

Kind regards

A handwritten signature in black ink, appearing to read "D. Smith", with a horizontal line extending to the left.

Dominic D Smith
Company Secretary

ASX Announcement

Date: 14 August 2017

Aurizon announces outcomes of Freight Review

Aurizon Holdings Limited (Aurizon) today announced its intention to exit its Intermodal business through a combination of closure and sale.

The decision follows an extensive twelve-month review initiated by the Aurizon Board in August last year.

MD&CEO Andrew Harding said the comprehensive review examined future commercial opportunities including divestment, joint venture, retention of the business, or closure of parts that did not offer a sustainable commercial future.

“In making the decision to exit, we considered the significant financial losses that have been sustained year on year by Aurizon Intermodal,” Mr Harding said.

“The business has not been able to establish significant scale and a customer base to support a profitable business in such a highly competitive market.

“While a difficult decision for affected employees, exiting the business will allow the Company to focus on core, profitable parts of the Aurizon portfolio including the ability to recycle capital into other growing parts of our business.”

Mr Harding said to facilitate the exit Aurizon intended to sell two components of the Intermodal business and close the third.

He said Aurizon had signed a binding agreement to sell its Queensland Intermodal business to a consortium of Linfox and Pacific National. The transaction includes the transfer of approximately 350 employee positions as well as assets, commercial and operational arrangements to the Linfox and Pacific National consortium.

Aurizon is aiming to finalise the transactions by the end of FY2018, subject to:

- Approval by the Australian Competition & Consumer Commission; and
- Approval by the Foreign Investment & Review Board.

Separately Aurizon has signed a binding agreement with Pacific National to sell its Acacia Ridge Intermodal Terminal. That transaction includes the transfer of approximately 30 employee positions, as well as assets, commercial and operational arrangements. It is also subject to approval by the Australian Competition & Consumer Commission and the Foreign Investment & Review Board.

Total consideration for the two transactions is \$220 million. If the Acacia Ridge transaction is not complete within six months, then Pacific National will pay Aurizon an additional \$5 million.

The remainder of Aurizon’s Intermodal business (outside of Queensland) will be closed. This is expected to take effect by December 2017, contingent on finalising transitional and commercial arrangements with customers.

Approximately 250 employee positions will be affected by the closure of the interstate business. Aurizon will consult with employees on the transition to closure, including redundancy and redeployment options.

Aurizon will work with its customers on transition arrangements and in the interim it will be business as usual, with the provision of safe and reliable services for customers particularly in the lead-up to the busy Christmas period.

Aurizon will cascade standard-gauge rollingstock to other parts of its business as well as commence a disposal process for surplus rollingstock and other surplus owned/leased assets.

Background

Aurizon Intermodal is a containerised rail and road freight haulage business for retailers, wholesalers and freight forwarders. It comprises two businesses: Queensland Intermodal and Interstate Intermodal.

Queensland Intermodal delivers services from Brisbane north, and includes freight depots, locomotives, wagons and road vehicles.

Interstate Intermodal delivers services outside of Queensland, including the Brisbane to Melbourne and Sydney-Perth routes, and includes freight terminals at Forrestfield, Perth (freehold) and Enfield, Sydney (lease), locomotives, wagons and road vehicles. It includes the IMEX (import-export) service between Enfield and Port Botany.

The Acacia Ridge Interstate Terminal is a freight hub for freight train services to and from Queensland. The 66 hectare site includes narrow-gauge and standard-gauge freight terminals, marshalling yards and warehousing. As part of the sale, a wagon maintenance facility on site, will continue to be operated by Aurizon under lease arrangements.

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