Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

10 August 2020

Full year results presentation

Please find attached the Company's full year results presentation for release to the market.

The presentation will be delivered to an analyst and investor briefing which will commence at 10.30am (AEST). This briefing will be web-cast and accessible via the following link: https://78449.choruscall.com/dataconf/productusers/aurizonau/mediaframe/39525/indexr.html

Kind regards

Dominic D Smith
Company Secretary

10 August 2020

FY2020 Results

Andrew Harding – Managing Director & CEO
George Lippiatt – CFO & Group Executive Strategy

Locomotive artwork by Aurizon employee Laurie Anno

AURIZON

Disclaimer

NO RELIANCE ON THIS DOCUMENT

This document was prepared by Aurizon Holdings Limited (ACN 146 335 622) (referred to as "Aurizon" which includes its related bodies corporate (including Aurizon Operations Limited). Whilst Aurizon has endeavoured to ensure the accuracy of the information contained in this document at the date of publication, it may contain information that has not been independently verified. Aurizon makes no representation or warranty as to the accuracy, completeness or reliability of any of the information contained in this document. Aurizon owes you no duty, whether in contract or tort or under statute or otherwise, with respect to or in connection with this document, or any part thereof, including any implied representations or otherwise that may arise from this document. Any reliance is entirely at your own risk.

DOCUMENT IS A SUMMARY ONLY

This document contains information in a summary form only and does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, all of the information which Aurizon files with the Australian Securities Exchange. Any information or opinions expressed in this document are subject to change without notice. Aurizon is not under any obligation to update or keep current the information contained within this document. Information contained in this document may have changed since its date of publication.

NO INVESTMENT ADVICE

This document is not intended to be, and should not be considered to be, investment advice by Aurizon nor a recommendation to invest in Aurizon. The information provided in this document has been prepared for general informational purposes only without taking into account the recipient's investment objectives, financial circumstances, taxation position or particular needs. Each recipient to whom this document is made available must make its own independent assessment of Aurizon after making such investigations and taking such advice as it deems necessary. If the recipient is in any doubts about any of the information contained in this document, the recipient should obtain independent professional advice.

NO OFFER OF SECURITIES

Nothing in this presentation should be construed as a recommendation of or an offer to sell or a solicitation of or subscription or invitation of an offer to buy or sell securities in Aurizon in any jurisdiction (including in the United States), nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. This document is not a prospectus and it has not been reviewed or authorized by any regulatory authority in any jurisdiction. This document does not constitute an advertisement, invitation or document which contains an invitation to the public in any jurisdiction to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities in Aurizon.

FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements which are not historical facts. Forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of Aurizon. These statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond Aurizon's control. As a result, actual results or developments may differ materially from those expressed in the forward-looking statements contained in this document. Aurizon is not under any obligation to update these forward-looking statements to reflect events or circumstances that arise after publication. Past performance is not an indication of future performance.

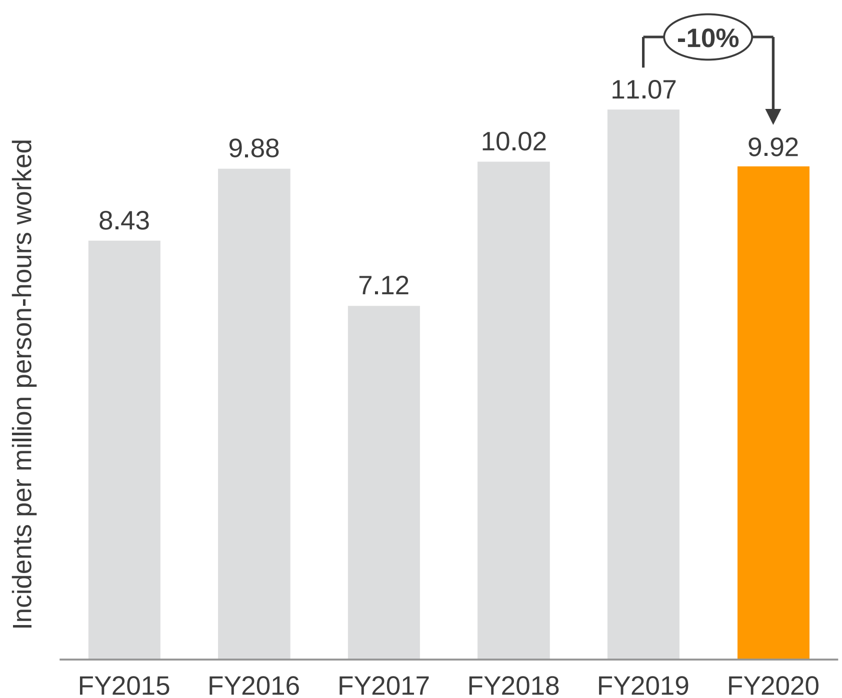
NO LIABILITY

To the maximum extent permitted by law in each relevant jurisdiction, Aurizon and its directors, officers, employees, agents, contractors, advisers and any other person associated with the preparation of this document, each expressly disclaims any liability, including without limitation any liability arising from fault or negligence, for any errors or misstatements in, or omissions from, this document or any direct, indirect or consequential loss howsoever arising from the use or reliance upon the whole or any part of this document or otherwise arising in connection with it.

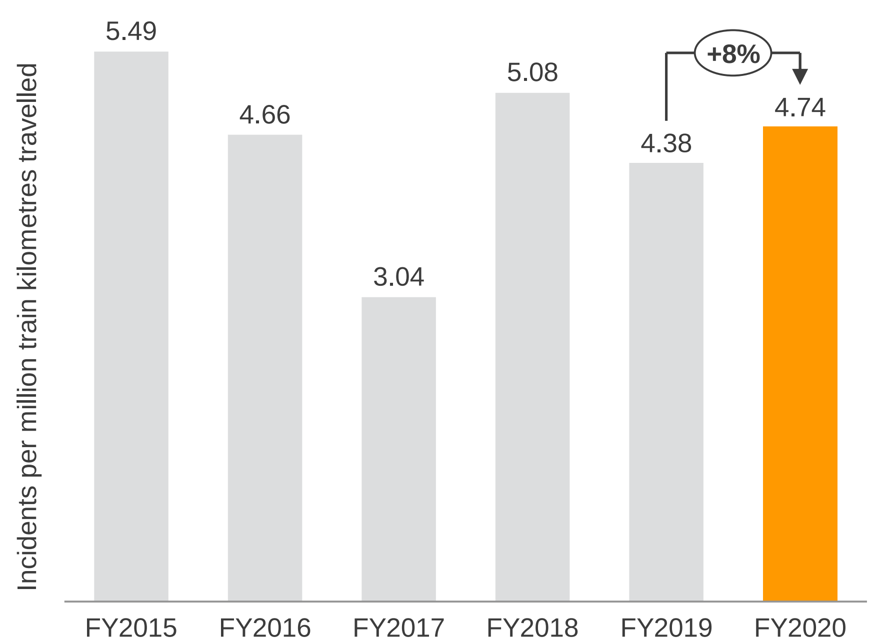
Safety performance

Mixed safety performance in FY2020. Safety remains our core value and we are continuing to invest in technology, processes and people to deliver further safety benefits

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1]



RAIL PROCESS SAFETY (RPS)



1. TRIFR includes employees and contractors

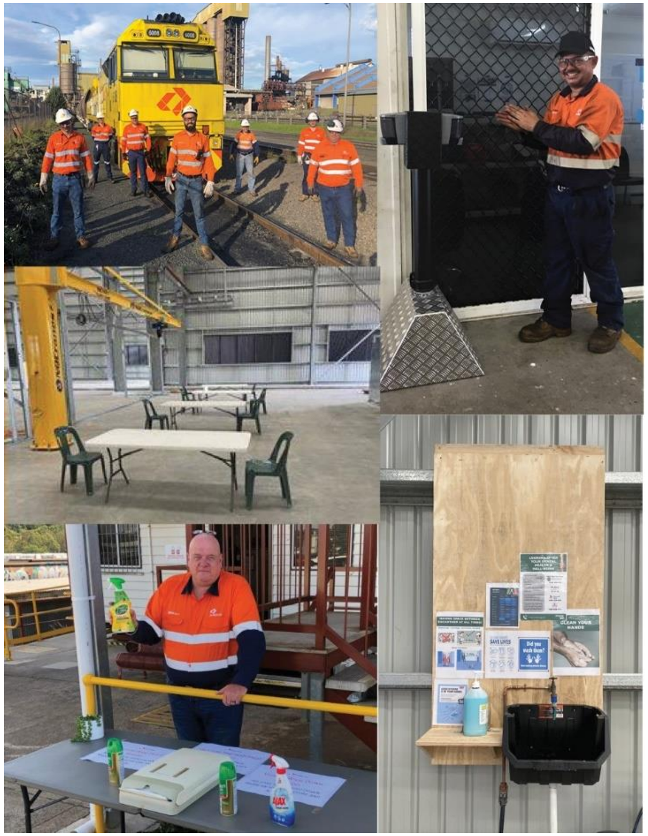
COVID-19 Update

Andrew Harding
Managing Director & CEO

COVID-19: Aurizon Update

Measures were taken to minimise impact to employees and ensure resilience of operations

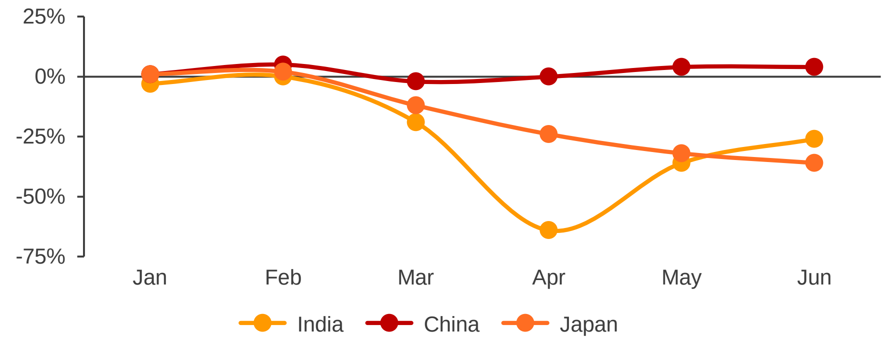
- Crisis Management Team stood up and led by CEO
- Increased staff awareness and education on personal hygiene and cleaning protocols
- Implemented workplace protocols to assist business continuity including separation
- Revised rosters, schedules and labour contingency plans
- Transition to work from home arrangements for non-operational employees
- All non-essential travel and training cancelled
- Contingency planning to ensure continuity of procurement and supplier services
- A COVID-19 leave entitlement of 10 days paid leave to support impacted employees
- Coronavirus hotline (24/7) established for Aurizon employees



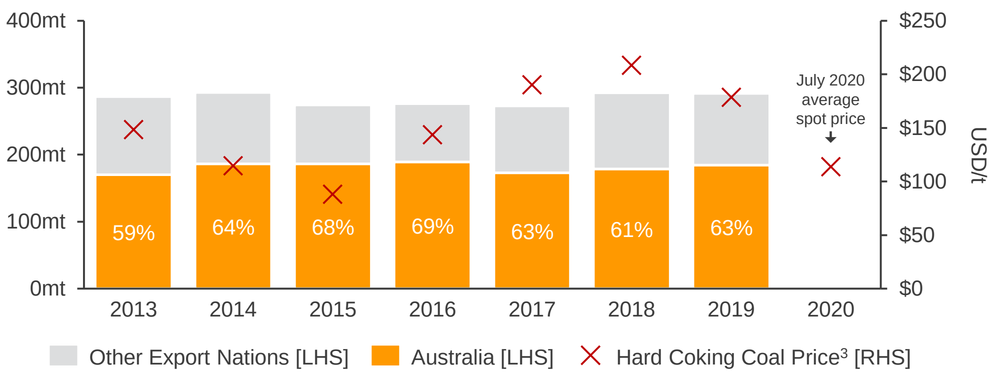
COVID-19: Market Update

Although volume impact was not significant in FY2020, recessionary conditions expected to impact steel demand in FY2021

CRUDE STEEL PRODUCTION: KEY NATIONS[1]
Year-on-year change



METALLURGICAL COAL EXPORT FROM MAJOR SUPPLY NATIONS[2]
Export volume, Australia share, average hard coking coal price



1. World Steel Association
2. Major supply nations: Australia, United States, Canada, Russia. Source: ABS 2020 (customised report), Global Trade Atlas
3. Peak Downs Region, Source: Platts
4. World Steel Association: worldsteel Short Range Outlook (4 June 2020)
5. Ministry of Economy, Trade and Industry (METI): Steel Demand Prospects for the Second Quarter of FY2020 (8 July 2020)
6. ABS 2020 (customised report)
7. Global Trade Atlas

- **China:** Crude steel production in China maintained. World Steel Association (WSA) projects a 1% increase[4] in China Steel demand in 2020
- **India:** Crude steel production -42% in June quarter[1]. WSA projects a 18% decline[4] in India steel demand in 2020
- **Japan:** Crude steel production -31% in the June quarter[1]. Japan's METI projects a 28% reduction[5] in crude steel production in September quarter
- Quality and cost competitiveness of Australian supply has limited the impact to date (2H metallurgical export volume -9%[6])
- United States metallurgical coal export volume -26%[7] in the six months to June
- Australia historically gains market share in low price environment
- Limited impact on thermal coal volume (Australian Export volume in 2H flat[6]) although risk of China import restrictions in the remainder of 2020
- Small impact on some Bulk customers to date offset by strong iron ore demand

Performance overview

Andrew Harding
Managing Director & CEO

FY2020 highlights[1]

Solid result with EBIT inline with guidance range. Ongoing shareholder distributions including maintaining dividends at 100% for fifth year and further capital management

GROUP EBIT
$909m
up 10%

STATUTORY NPAT[2]
$605m
up 28%

ROIC
10.9%
up 1.2ppt

FREE CASHFLOW
$715m
down 3%

NETWORK VOLUMES
226.9mt
down 2%

COAL VOLUMES
213.9mt
-

FINAL DIVIDEND
13.7cps
up 10%

CAPITAL MANAGEMENT
$400m
Buy-back completed
$300m
Buy-back in FY21

1. Compared with FY2019
2. Statutory NPAT (continuing operations) includes the sale of Rail Grinding.

AURIZON

Coal update

Priority is the continuation of operational efficiency improvements supporting contracted volume growth. FY2021 revenue expected to be impacted by flat volumes

CUSTOMER UPDATE

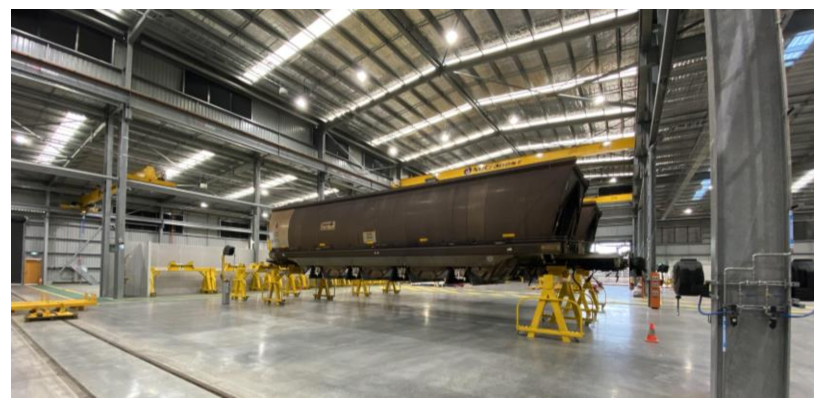
- **Peabody** – commenced railings in July across CQCN and NSW under new contracts
- **Coronado** – contract variation with additional volumes and term extension for Curragh mine
- **Bluescope** – commenced railings in April for domestic haul to Port Kembla
- Some volatility in customer order profile
- 58% of customer volumes contracted >7 years

MARKET

- June quarter strong ahead of year end
- Soft first half expected for coal export volume driven by the impact of COVID-19 on global steel production
- FY2021 tonnage outlook 210-220mt
- Fundamental demand drivers remain and support Australian Coal export growth of 1-2% pa over the next decade

OPERATIONAL EFFICIENCIES

- Precision – schedule adherence implemented in Blackwater, planned for Goonyella late CY2020
- Precision – Callemondah yard (Blackwater) initiatives to further reduce turnaround time
- Payloads – 2% improvement from longer trains in NSW/SEQ
- Maintenance – commissioning of Jilalan wagon overhaul facility expected August 2020 improving overhaul cost and safety outcomes



Bulk update

Strong performance continues with new contracts and operational efficiencies. Aurizon Port Services expands product offering in North Queensland

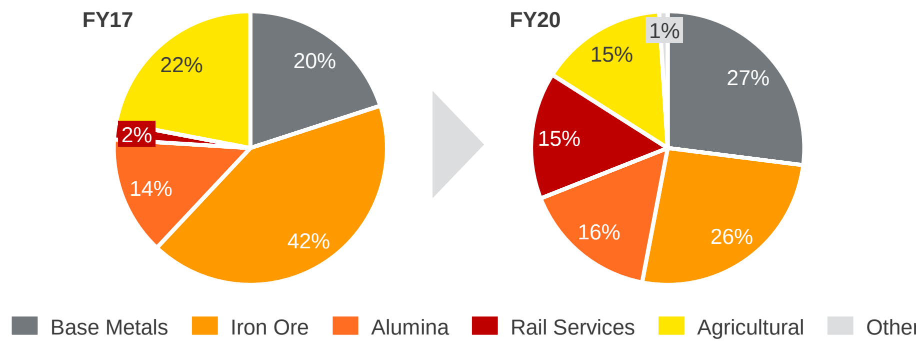
CUSTOMER UPDATE

- **South32 Cannington –** 11 year contract extension to 2032
- **Mineral Resources –** ramp up due to strong iron ore demand
- **Rio Tinto –** successful commencement of four year contract for operation and maintenance of ballast cleaning machine in Pilbara
- **BGC** – new contract commenced June 2020 hauling cement products on the Kalgoorlie freighter

OPERATIONAL EFFICIENCY IMPROVEMENTS

- IPL combination train from January 2020 – reduces train starts through consolidation of products
- Operational synergies from full year of Linfox agreement including reduction in footprint and roster optimisation

REVENUE BY COMMODITY[1]



NEW BUSINESS: AURIZON PORT SERVICES

- **Acquisition –** TBSH[2] acquired for $25m in March 2020, rebranded as Aurizon Port Services (APS)
- **Rationale –** complements Bulk by providing storage and stevedoring services at Townsville Port with land and assets adjacent to Aurizon owned rail lines

1. Base metals includes associated mining inputs (and rare earths). Rail services includes hook and pull contracts. Revenue is net of Access.
2. Townsville Bulk Storage and Handling

Network Update

The implementation of UT5 has resulted in benefits for both customers and Aurizon. Initial Capacity Assessment is now expected in 2HFY2021[1]

IMPLEMENTATION UPDATE

- UT5 consolidated DAAU approved February 2020
- RIG[2] established and subsequent approval of FY2021 maintenance and renewals strategy
- FY2020 cost performance provides benefits for Aurizon and customers

INDEPENDENT EXPERT

- UT5 tariffs assumed 1 March 2020 Report Date (triggering WACC uplift from 5.9% to 6.3%)
- Process slower than expected in establishing Independent Expert to undertake *Initial Capacity Assessment* – now expected by the end of 2HFY2021[1]
- Delay results in ~$8m[3] future revenue adjustment (to customers) in relation to FY2020

VOLUMES

FY2020:

- Under-recovery of revenue due to volume shortfall (227mt compared to UT5 assumption of 240mt) is a future revenue adjustment amount for Aurizon
- Final amount offset by other adjustments including WACC and maintenance

FY2021:

- Volumes expected to be lower than the approved tariff forecast of 239mt due to COVID-19 resulting in revenue under-recovery

1. Estimate as at August 2020, subject to change
2. Rail Industry Group
3. Excludes GAPE, repayable in FY2020 via revenue adjustment amounts

Other matters

Progress of other major items

SALE OF ACACIA RIDGE TERMINAL	› 28 July 2017: Binding agreement signed with Pacific National › 6 May 2020: Federal Court unanimously dismissed an appeal by the ACCC that the sale contravened the Commonwealth's *Competition and Consumer Act (2010)* › 26 June 2020: ACCC sought special leave to the High Court to appeal the decision of the Full Federal Court. It is anticipated that the special leave decision will be received before the end of the calendar year
WIGGINS ISLAND RAIL PROJECT (WIRP)	› 27 June 2019: Supreme Court of Queensland ruled in the Group's favour in regard to payment of WIRP fee. Customers appealed that decision and was heard in the Queensland Court of Appeal in March 2020. A decision of the Queensland Court of Appeal is expected to be delivered before the end of the calendar year › 4 June 2019: Expert Determination issued stating that WIRP fee should be reduced. The Group is determining options for appeal of this outcome › No revenue in respect of the WIRP fee has been recognised to date
LEGAL PROCEEDINGS AGAINST G&W	› 17 September 2019: Aurizon commenced proceedings against G&W seeking damages and declarations for a breach of long standing contractual rights held by AZJ concerning G&W's Australian assets (One Rail Australia) › Matter is currently before the Supreme Court of New South Wales

FY2020 Financial Performance

George Lippiatt
CFO & Group Executive Strategy

AURIZON

Key financial highlights[1]

EBIT performance driven by Bulk (volume growth) and Network (implementation of UT5)

$m	FY2020	FY2019	Variance
Revenue	3,065	2,908	5%
Operating Costs	(1,597)	(1,536)	(4%)
Depreciation & Amortisation	(559)	(543)	(3%)
EBIT – underlying	909	829	10%
EBIT – statutory	1,014	829	22%
Operating Ratio (%)	70.3%	71.5%	1.2ppt
NPAT – underlying	531	473	12%
NPAT – statutory	605	473	28%
EPS (cps) – underlying	27.2	23.8	14%
EPS (cps) – statutory	31.0	23.8	30%
ROIC (%)	10.9%	9.7%	1.2ppt
Total dividend per share	27.4	23.8	15%
Free Cash Flow	715	735	(3%)

- Revenue growth reflects the approved UT5 Undertaking in Network and new contracts in Bulk
- Operating costs increased to support revenue growth in Bulk, with flat costs in Coal and Network
- Statutory EBIT includes $105m net gain on sale of Rail Grinding business
- Total dividend is based on 100% payout ratio of underlying continuing NPAT
- Free cash flow includes proceeds from sale of Rail Grinding business offset by working capital movements (Cliffs termination payment and UT5 true-up)

1. Continuing operations
Note: AASB 16 was adopted on 1 July 2019 and as a result EBIT has improved $1.4m in FY2020.

Coal

EBIT result reflects costs installed for contracted volume growth

$m	FY2020	FY2019	Variance
Above rail	1,260	1,236	2%
Track access	513	488	5%
Other	2	1	100%
Total Revenue	**1,775**	**1,725**	**3%**
Access costs	(507)	(472)	(7%)
Operating costs	(651)	(643)	(1%)
Depreciation	(206)	(195)	(6%)
EBIT	**411**	**415**	**(1%)**
Tonnes (m)	213.9	214.3	(0%)
NTKs (bn)	50.0	50.5	(1%)

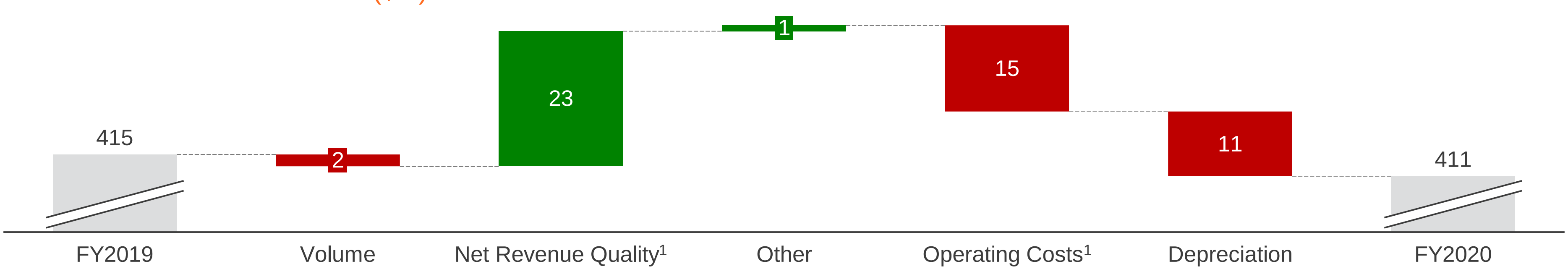
Revenue

- Volumes flat – down 1% in CQCN impacted by customer production issues, NSW & SEQ up 3% with new contract tonnes
- Revenue quality improvement due to a higher proportion of fixed charges and CPI impacts

Costs

- Higher costs impacted by CPI and costs to install increased capacity
- Depreciation increase following investment in capacity, technology and overhauls completed on rollingstock

COAL EBIT PERFORMANCE ($M)



1. Revenue quality is net of fuel price and access which have been excluded from operating costs

Bulk

Revenue growth driving strong EBIT performance

$m	FY2020	FY2019	Variance
Revenue	**609**	**502**	**21%**
Access costs	(111)	(104)	(7%)
Operating costs	(388)	(333)	(17%)
Impairment costs	-	(11)	100%
Depreciation	(20)	(17)	(18%)
EBIT	**90**	**37**	**143%**
Tonnes (m)	48.1	44.6	8%

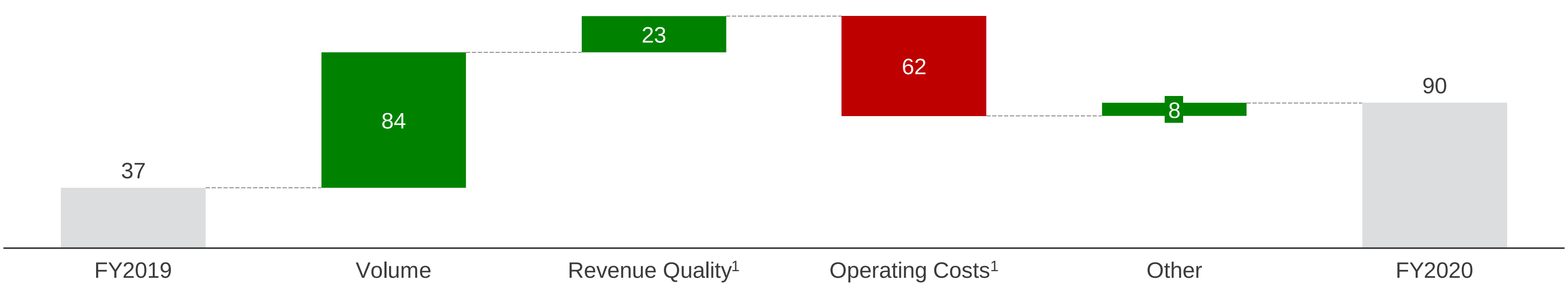
Revenue

- Revenue higher through new contract growth and improved revenue quality

Costs

- Higher operating costs from new contracts offset in part by operational efficiencies
- Other – sustaining capex for Bulk East no longer impaired from FY2020 given earnings outlook

BULK EBIT PERFORMANCE ($M)



1. Revenue quality is net of fuel price and access which have been excluded from operating costs

Network

EBIT growth from UT5 finalisation with operating costs under the regulatory allowance

$m	FY2020	FY2019	Variance
Track Access	1,132	1,070	6%
Services & Other	57	48	19%
Revenue	**1,189**	**1,118**	**6%**
Energy & Fuel	(109)	(109)	-
Other Operating Costs	(282)	(288)	2%
Depreciation	(329)	(321)	(2%)
EBIT	**469**	**400**	**17%**
Tonnes (m)	226.9	232.7	(2%)
NTKs (bn)	56.2	57.9	(3%)

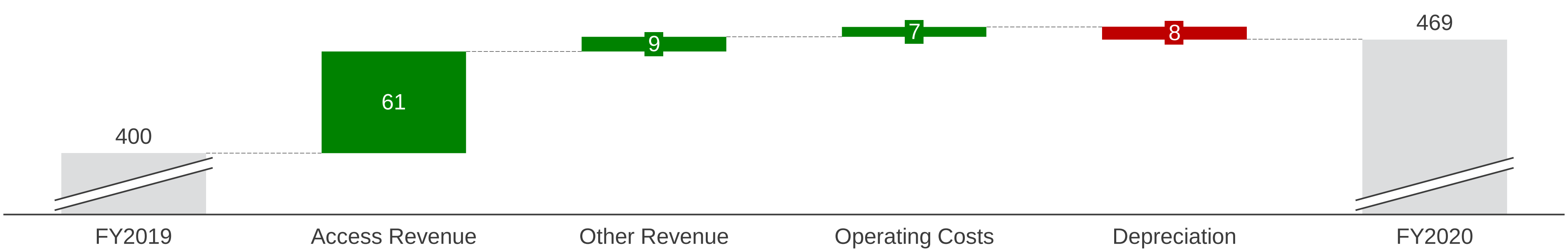
Revenue

- Increase in track access revenue principally as a result of the increased UT5 MAR with volumes 2% lower
- Other revenue growth from higher external construction works

Costs

- Improvement in other operating costs from lower services spend, overhead savings and lower employee costs
- Depreciation driven by increased levels of asset renewals and ballast undercutting

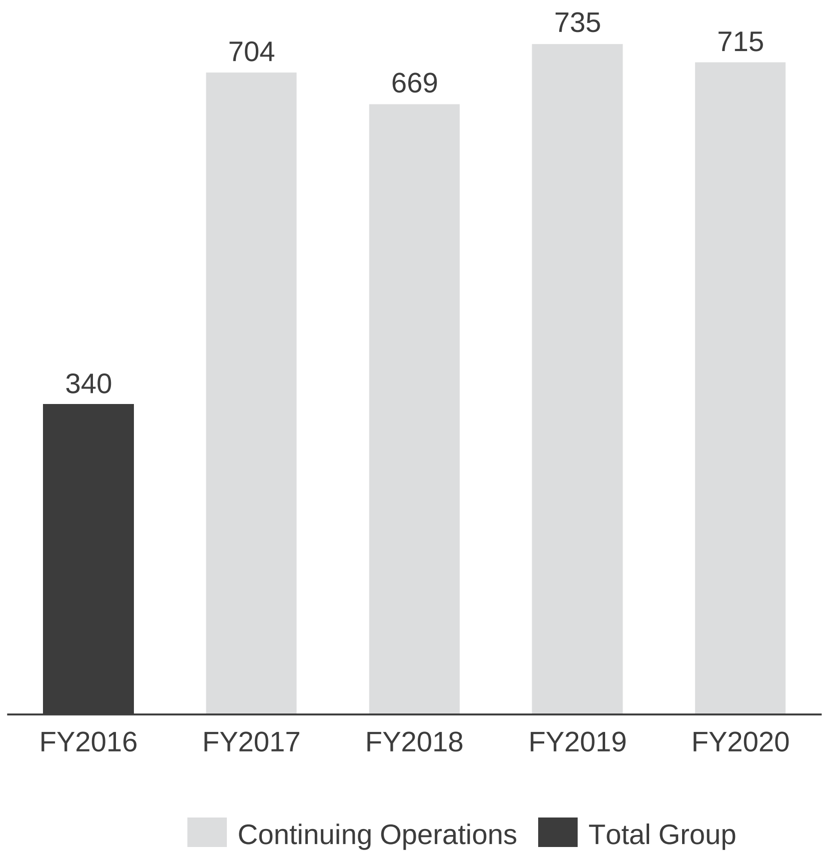
NETWORK EBIT PERFORMANCE ($M)



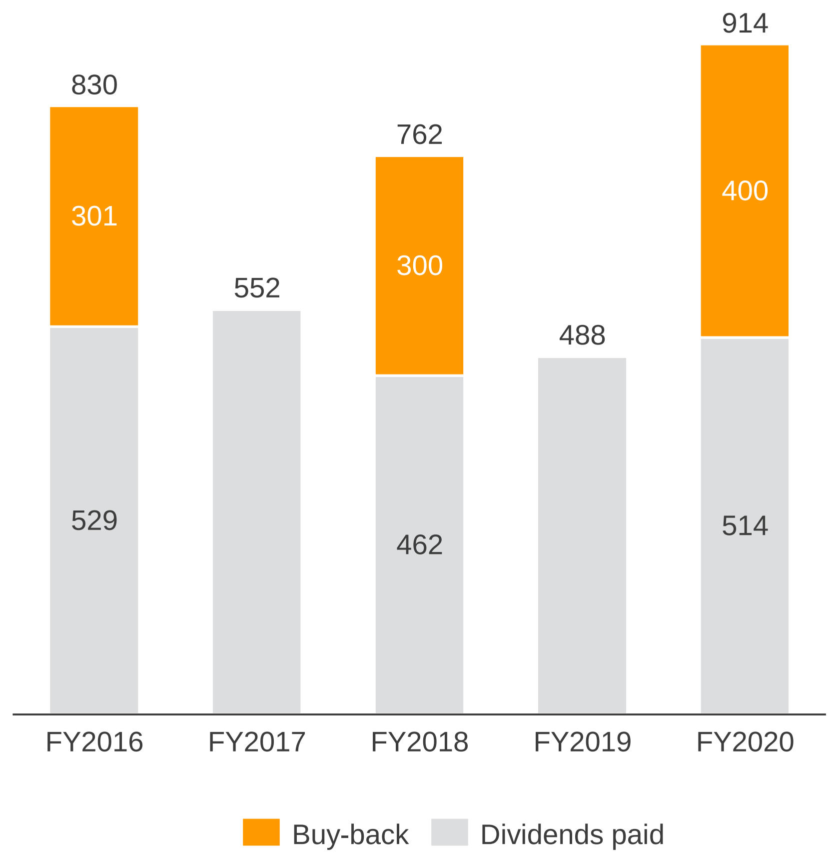
Cashflow and shareholder returns

Consistent free cash flow generation has delivered $3.5bn in shareholder distributions over the past five years including $1bn in buy-backs, with dividends maintained at 100% of NPAT

FREE CASH FLOW ($M)



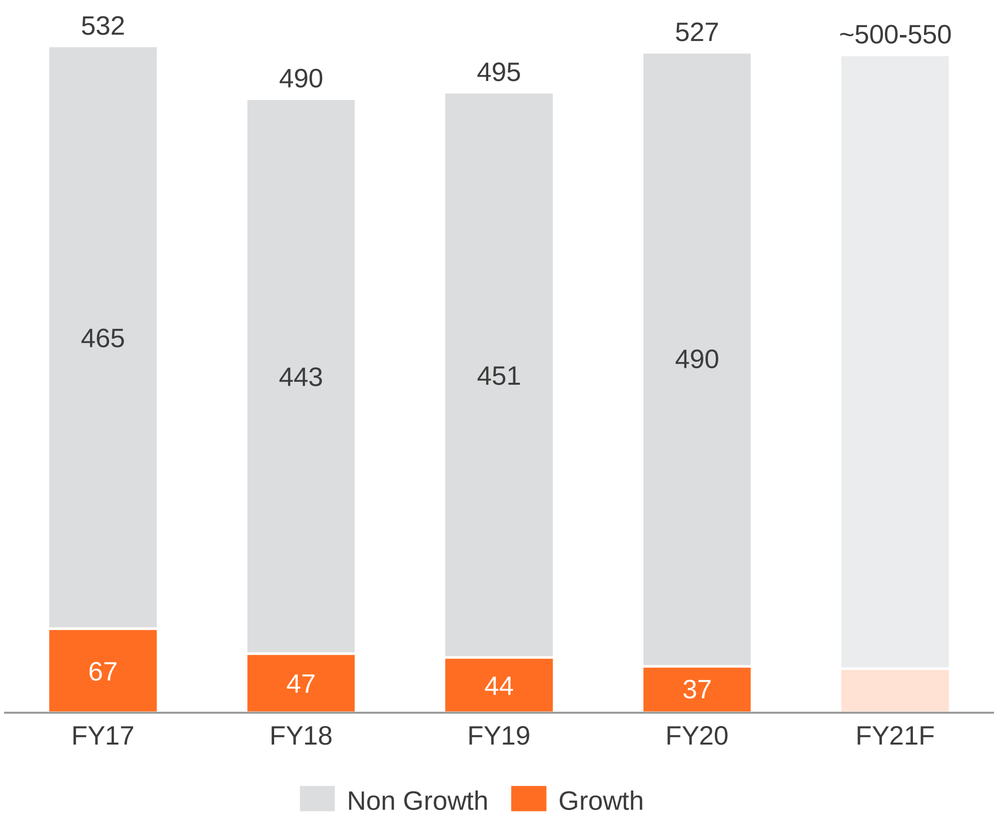
SHAREHOLDER RETURNS ($M)



Capital expenditure

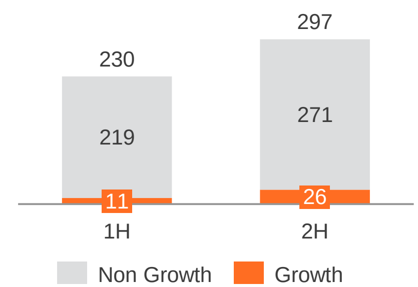
FY2020 spend inline with guidance of $500-530m. Growth capex to support Bulk and Coal in FY2021

CAPITAL EXPENDITURE[1] ($M)



- Capital expenditure guidance for FY2021 $500m - $550m
- FY2021 Growth capex mainly relates to wagons for CQCN and locomotives for Bulk
- Long-term stay-in-business capital expectations of ~$500m per year

FY20: CAPITAL EXPENDITURE[1] ($M)



1. Total FY2020 Group capital expenditure net of externally funded projects and includes capitalised interest

Funding update

Recent Network bank debt re-financing allows for upcoming bond maturity, providing options for future funding requirements

FY2020 FUNDING ACTIVITY

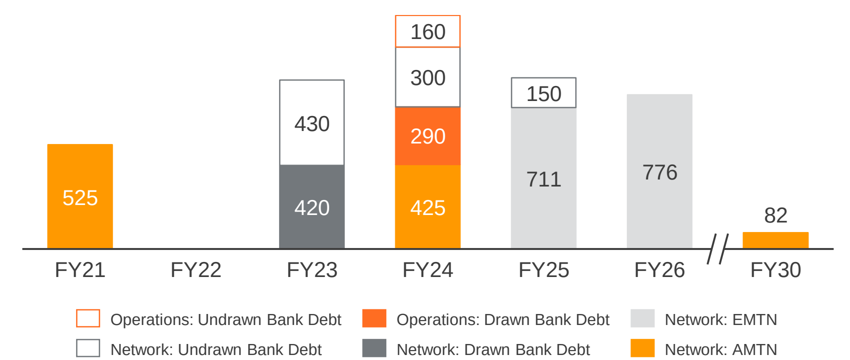
- Network replaced $880m syndicated facilities with bilateral facilities totalling $1.3bn (3/4/5 year tenors)
- Additional capacity secured ahead of A$MTN maturity

INTEREST RATES

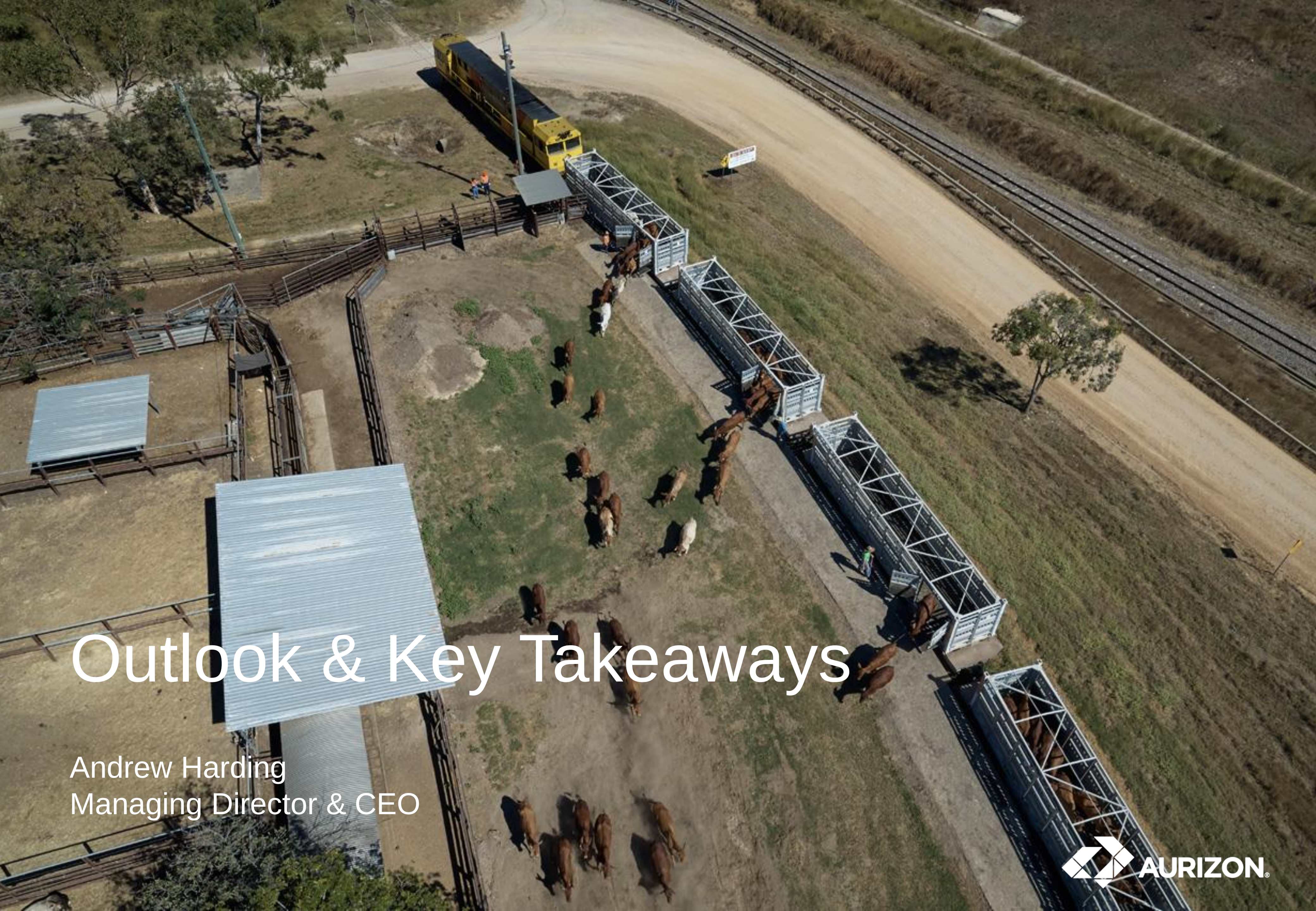
- Group debt is 95% fixed until end of FY2021 aligned with original UT5 Final Decision
- Extension of WACC re-set to FY2023 provided opportunity for additional hedging (91%) resulting in lower interest costs
- Future debt levels will determine additional hedging requirements

KEY DEBT METRICS	FY2020	FY2019
Weighted average maturity[1]	3.8 years	4.3 years
Group interest cost on drawn debt	4.5%	4.5%
Group Gearing[2]	45.1%	41.7%
Network Gearing[3] (incl AFDs[4])	56.0%	58.7%
Operations & Network Credit Ratings (S&P/Moody's)	BBB+/Baa1	BBB+/Baa1

DEBT MATURITY PROFILE ($M)



1. *Calculated on drawn debt, excluding working capital facility*
2. *Group Gearing – net debt/net debt plus equity*
3. *Network Gearing - net debt/RAB*
4. *Access Facilitation Deed*



Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO

AURIZON

FY2021 outlook

Group EBIT guidance $830m – $880m

KEY ASSUMPTIONS

- **Coal**
  - Flat volumes of 210-220mt based on current view of COVID-19 impact on coal demand
- **Network**
  - Tariffs based on QCA approved volume forecast of 239mt – 5% higher than FY2020 actual volumes
  - CQCN volumes expected to be lower than 239mt due to COVID-19's impact on coal demand, resulting in revenue under-recovery
  - Flat volumes implies a revenue under-recovery of ~$50m[1] – any shortfall will form part of the revenue cap in FY2023 partly offset by other adjustments including WACC
- Operational efficiency improvements remain a key driver in the business
- Redundancy costs included in guidance (reported in 'Other' segment)
- No material disruptions to commodity supply chains (such as adverse weather and/or COVID-19)

1. Based on 227mt applied to $941m MAR (excluding GAPE), see slide 72

Strategy delivers results

Aurizon's strategy enables the delivery of shareholder value

OPTIMISE	OPTIMISE	EXCEL	EXTEND	EXCEL	OPTIMISE	EXTEND
Business Structure	Execute Freight Review findings	Achieve fundamental regulatory reform through UT5	Optimal legal and capital structure	Ongoing operational efficiency improvement	De-risk near term Above Rail contract book	Pursue growth in Bulk
Restructured to Business Model increasing accountability and customer focus	Closure & divestment of Intermodal. Retention and turnaround of Bulk	Customer deal provides long term certainty, incentives and improved return	More efficient balance sheet and funding structure	Precision Railroading, TrainHealth, TrainGuard, Condition monitoring	Continued contract book extension for both Coal and Bulk	New opportunities including adjacent assets and solutions such as Aurizon Port Services

Delivered through an integrated structure

Maximising shareholder returns

Maintained 100% payout ratio for five years

Capital management opportunities where surplus capital available

Completed · Continued Focus

Contact and further information

Chris Vagg
Head of Investor Relations & Group Treasurer
+61 7 3019 9030
Chris.Vagg@aurizon.com.au

James Coe
Manager Market Intelligence & Investor Relations
+61 7 3019 7526
James.Coe@aurizon.com.au

ASX: AZJ
US OTC: AZNNY

Additional Information: ESG

Sustainability

FY2020 will be the fourth year of TCFD disclosure for Aurizon

- Aurizon takes a direct approach to reporting environmental, social and governance (ESG) disclosures with the publication of the annual Sustainability Report
- In August 2019, Australian Council of Superannuation Investors (ACSI) rated Aurizon's ESG disclosures as *Leading* for the fifth consecutive year[1]
- As at June 2020, Aurizon participates in FTSE4Good Index Series, MSCI ESG Ratings and Sustainalytics
- **Aurizon's FY2020 Sustainability Report will be released in October 2020**

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We report against the Task Force on Climate-related Financial Disclosures (TCFD) as recommended by the Financial Stability Board (FSB)

MSCI

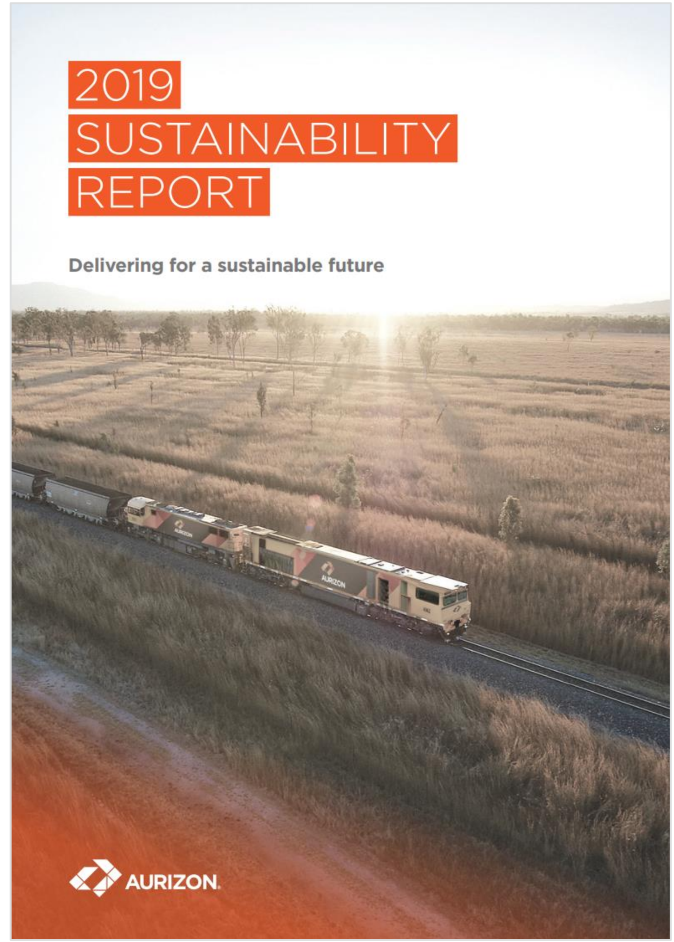
ESG rating of AA as at March 2020

FTSE4Good

Aurizon Holdings remains a member of the FTSE4Good Index following the June 2020 index review

SUSTAINALYTICS

ESG rating of "Medium Risk" as at April 2020

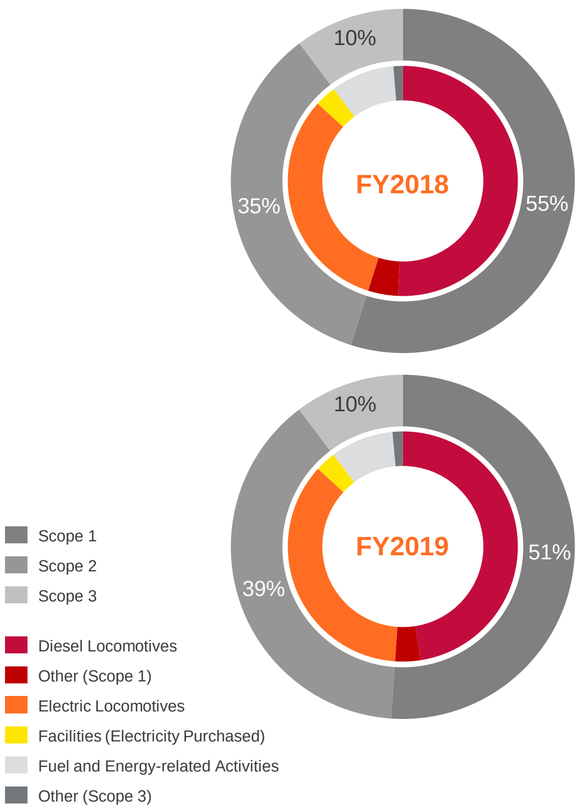


1. *Australian Council of Superannuation Investor (ACSI), ESG Reporting by the ASX200*

Environment

Aurizon continues to focus on cutting diesel and greenhouse gas emissions as part of our efforts to maintain Australia's excellent air quality standards and manage our carbon footprint

AURIZON'S GREENHOUSE GAS PROFILE



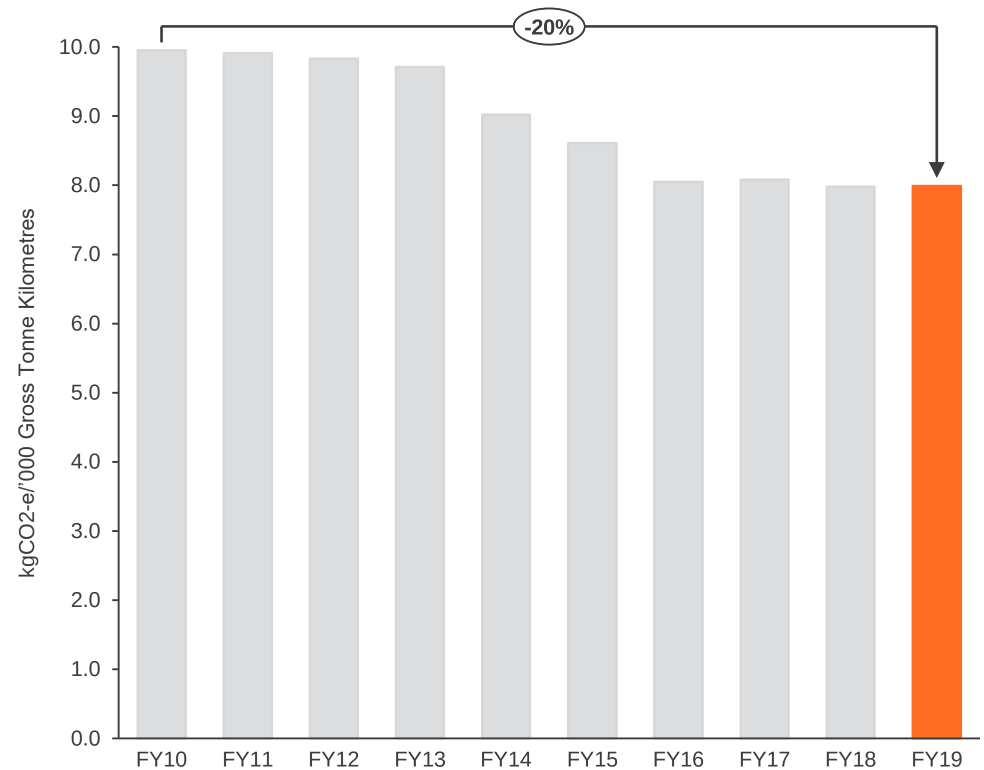
Total Scope 1 and 2
946kt CO_2e

Total Scope 3
108kt CO_2e

Total Scope 1 and 2
848kt CO_2e

Total Scope 3
97kt CO_2e

AURIZON'S LOCOMOTIVE EMISSIONS INTENSITY PERFORMANCE



FY2020 emissions data will be released with the Sustainability Report in October

Note: Aurizon's Scope 1 and 2 emissions are reported in accordance with the National Greenhouse and Energy Reporting legislation. Aurizon's identification of relevant Scope 3 emissions activity sources is informed by the GHG Protocol Corporate Value Chain (Scope 3) Standard and includes: purchased goods and services (paper purchased and water consumption), capital goods, fuel and energy-related activities (including consumption and upstream transportation and distribution), waste generated in operations, business travel (air and ground-based travel and accommodation), employee commuting, and upstream leased assets. The reporting boundary for Scope 3 emissions data for the FY2019 period includes the categories listed above and has received limited assurance from Deloitte, with remaining activity sources excluded due to current data availability. Scope 3 emissions from employee commuting, which represent ~4% of the total reported Scope 3 emissions, have been excluded from the limited assurance over this dataset, however will be considered for inclusion in future reporting period once the methodology for calculation has been strengthened/formalised. A breakdown of Aurizon's emissions is provided in the 2019 Sustainability Report.

Australian Export Coal Demand

The fundamentals of Australian metallurgical and thermal coal remain strong, driven by steel and energy demand in Asia, supporting coal export growth of 1-2%pa over the next decade

METALLURGICAL COAL

- Metallurgical coal (or coking coal) is primarily used to produce steel, an integral link with economic development
- Crude steel production occurs primarily via the blast furnace-basic oxygen furnace (BF-BOF) route, which accounted for 1.3 billion tonnes of crude steel production (72% of total global crude steel production) in 2019[1]
- India achieved another record result in 2019 with crude steel production of 111 million tonnes[2] and is the second largest export market for Australian metallurgical coal (behind China)[3]
- The *Office of Chief Economist* projects crude steel production growth in India of 5.4% per annum (from 2019), reaching 153mt in 2025[4]
- India coking coal import dependence was 90% for FY2019[5]

THERMAL COAL

- Thermal coal is primarily used as a heat source for energy generation, holding a 38% share of global generation in 2018[6]. Thermal coal is also used as a source of energy in cement production, where around 200 kilograms of coal is required to produce one tonne of cement[7].
- Almost all Australian thermal coal export volume is destined for Asia (FY2020: 99%)[3]
- For Southeast Asia (ex-Indonesia), over 10GW of coal-fired capacity has come online since 2017 with a further 13GW considered under construction[8]
- The International Energy Agency (IEA) projects a 123% growth in coal-fired energy generation in Southeast Asia between 2018 and 2040[9]
- Vietnam is now Australia's fifth largest thermal coal trading partner (by volume) with record export volume of 12.8 million tonnes in FY2020[3]
- Record annual Australian thermal coal export volume in FY2020 (213 million tonnes)[3]

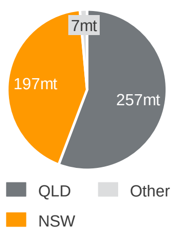
1. *World Steel Association, World Steel in Figures 2020*
2. *World Steel Association, Statistics*
3. *Australian Bureau of Statistics 2020 (Customised report)*
4. *Office of Chief Economist, Resources and Energy Quarterly (March 2020)*
5. *India Ministry of Coal, Provisional Coal Statistics (2018-19). India financial year (April to March). Domestic washed coal (only) included in calculation*
6. *International Energy Agency, World Energy Outlook (2019)*
7. *World Coal Association, Basic Coal Facts*
8. *Platts UDI Electric Power Plants Database (March 2020). Indonesia excluded given domestic coal availability*
9. *International Energy Agency, World Energy Outlook 2019*

Australian Coal Summary

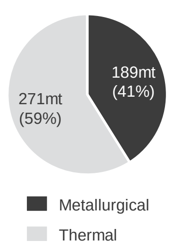
FY2019 Production

460mt

State Split



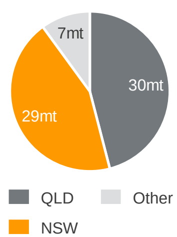
Coal Type



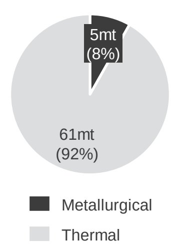
FY2019 Domestic Use

67mt

State Split



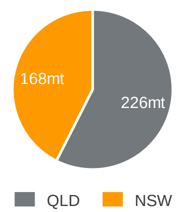
Coal Type



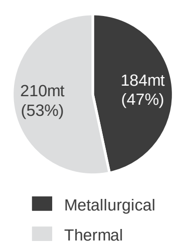
FY2019 Export

394mt

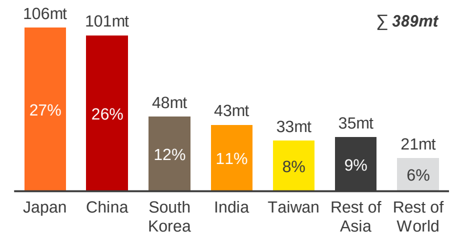
State Split



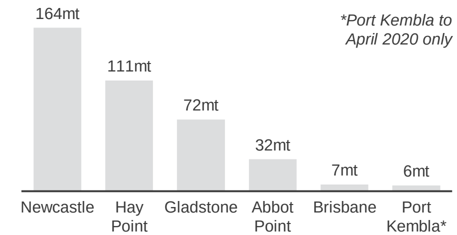
Coal Type



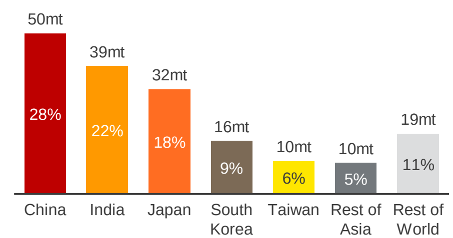
FY2020 All Coal Export (By Destination)



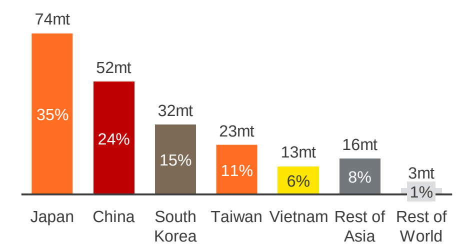
FY2020 All Coal Export (By Port)



FY2020 Met. Coal Export (By Destination)



FY2020 Thermal Coal Export (By Destination)



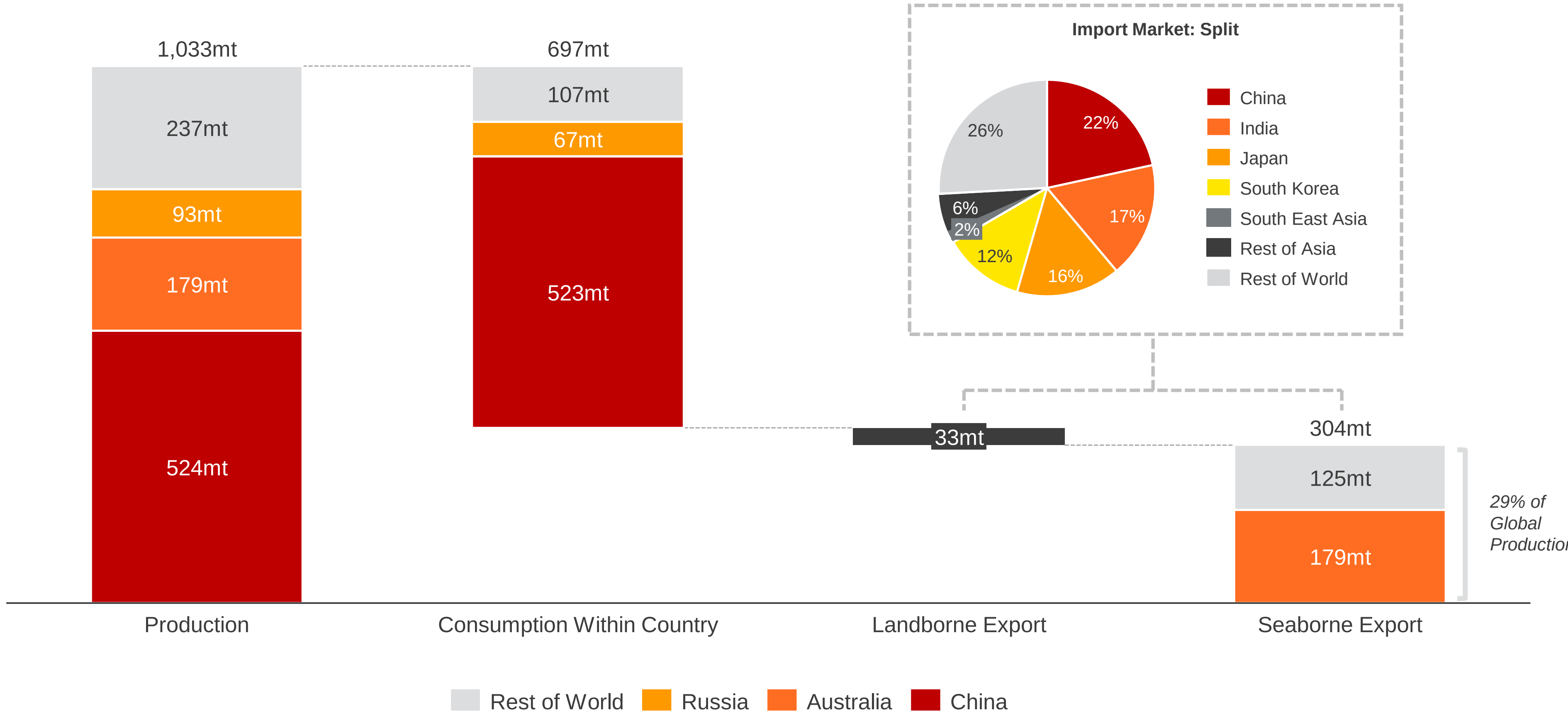
Direct Employment	Aust. Electricity Generation Share	Export Revenue (FY2020)	QLD Royalties (FY2019)	NSW Royalties (FY2019)
38k	47%	$56b	$4.4b	$2.0b

Note: Due to different sources and rounding, the sum of individual elements may not equal the corresponding aggregate figure. Sources – FY2019 Production: Volume (saleable coal), state split and coal type sourced from Office of Chief Economist (OCE) Resources and Energy Quarterly June 2020. FY2019 Domestic Use: National consumption calculated using production (OCE) less exports (OCE). State consumption calculated using state production (OCE) less state export volume (Port/Terminal Reporting). FY2019 Export: National export volume and coal type sourced from OCE. Export state split sourced from port/terminal reporting. FY2020 All Coal Export (By Destination): Includes anthracite volume, sourced from Australian Bureau of Statistics 2020 (customised report). FY2020 All Coal Export (By Port): Sourced from respective port/terminal reporting. Hay Point includes both Hay Point Coal Terminal and Dalrymple Bay Coal Terminal. FY2020 Metallurgical/Thermal Export (By Destination): Sourced from ABS. Employment: ABS Labour Account Australia, year ended 30 June 2019. Australian Electricity Generation Share: Data for FY2018 (GWh, black coal only), sourced from Department of the Environment & Energy, Australian Energy Update 2019. Export Revenue: Sourced from ABS. QLD Royalties: Sourced from QLD Treasury Mid-Year Fiscal & Economic Review 2019-20. NSW Royalties: Sourced from NSW Department of Planning & Environment.

Global Metallurgical (Coking) Coal Landscape

Almost 30% of global metallurgical coal demand is met through seaborne trade with Australia commanding around 60% of this market

2018, million tonnes

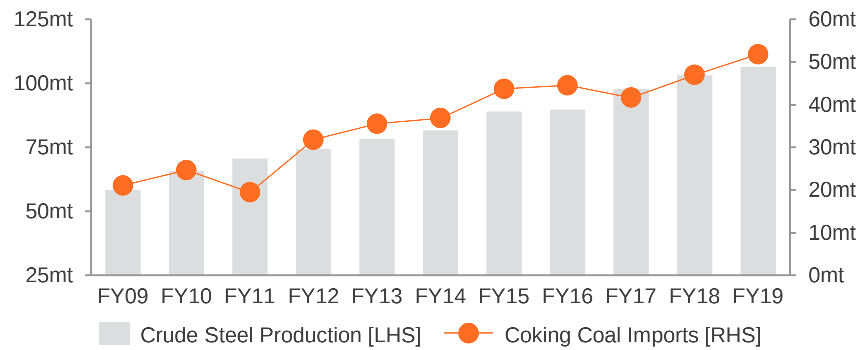


Source: International Energy Agency (IEA) Coal Information 2019 (Report), Coal Information 2020 (data). Production includes both primary extraction in addition to recovered product from slurries, middlings and coal dust. Consumption Within Country is defined as production less exports. Landborne is defined as total trade (exports) less seaborne exports. No energy-adjustment applied.

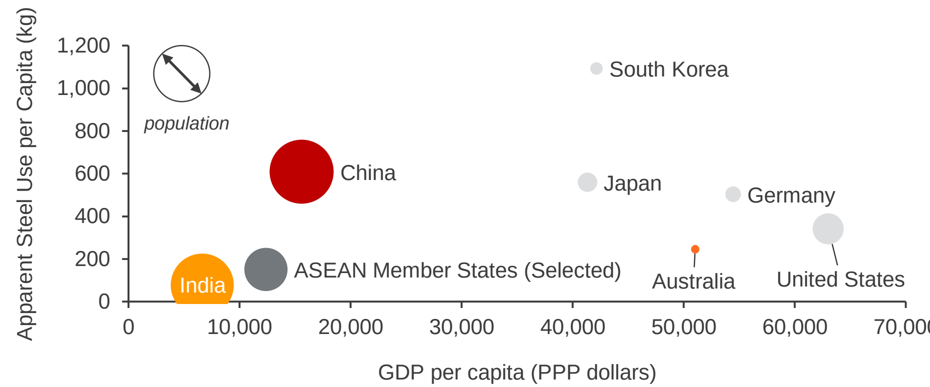
Future of Coal | Metallurgical Coal

Driven by urbanisation and infrastructure development, the opportunity remains for India and South East Asian nations to increase steel usage

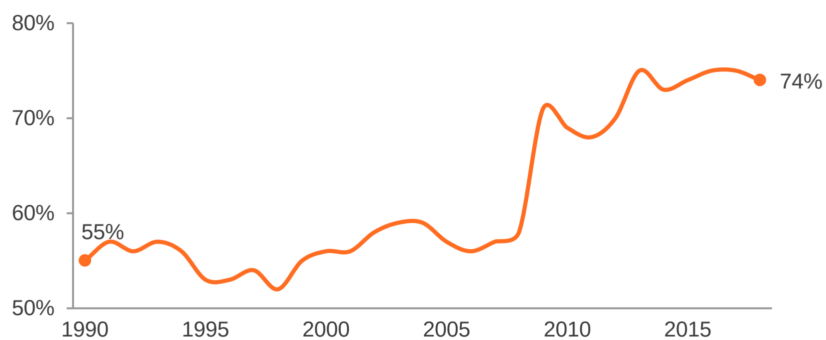
INDIA: CRUDE STEEL PRODUCTION AND COKING (METALLURGICAL) COAL REQUIREMENTS[1]



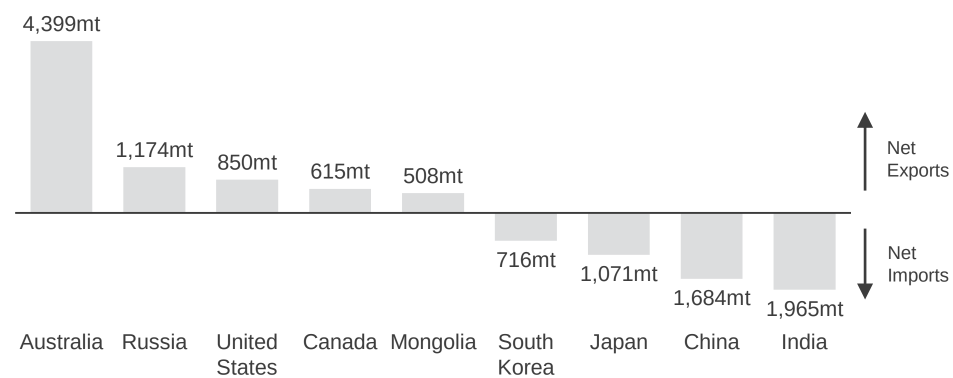
APPARENT STEEL USE (CRUDE STEEL EQUIVALENT) PER CAPITA VS. GDP PER CAPITA BY KEY COUNTRIES[2]



ASIA: PROPORTION OF GLOBAL METALLURGICAL COAL IMPORT VOLUME[3]



AGGREGATE METALLURGICAL COAL TRADE BALANCE BY MAJOR COUNTRIES (2020-2040)[4]

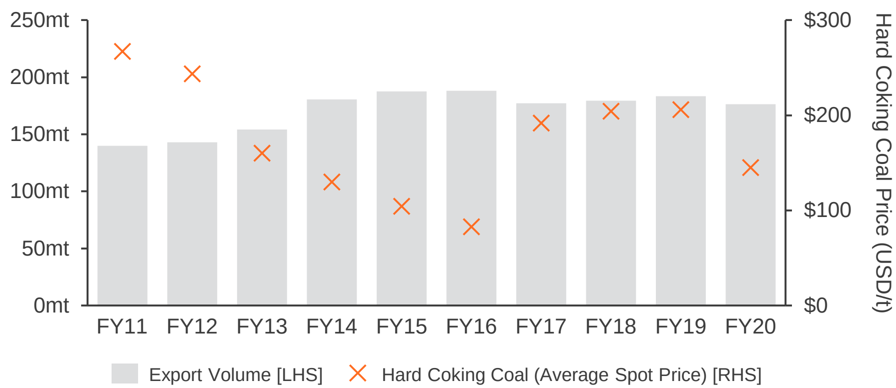


1. India Ministry of Coal, Coal Directory of India (multiple years), Provisional Coal Statistics (2018-19). Note: India financial year (April to March).
2. GDP (Purchasing Power Parity; international dollars) – World Bank (2018 data), Population - World Bank (2018 data), Apparent Steel Usage & Apparent Steel Use per Capita – World Steel Association (2018 data). ASEAN Member States (Selected, based on data availability): Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.
3. International Energy Agency, Coal Information 2020.
4. Wood Mackenzie Global Coal Markets Tool (2020 1H).

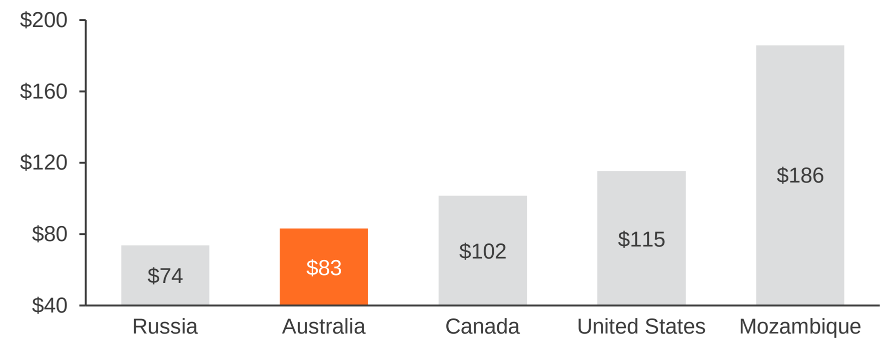
Metallurgical Coal Market | Australia

Driven by quality, cost-competitiveness and proximity to Asian markets, Australia holds a unique position in the seaborne market. A further 25 billion tonnes[1] of resources can be drawn upon

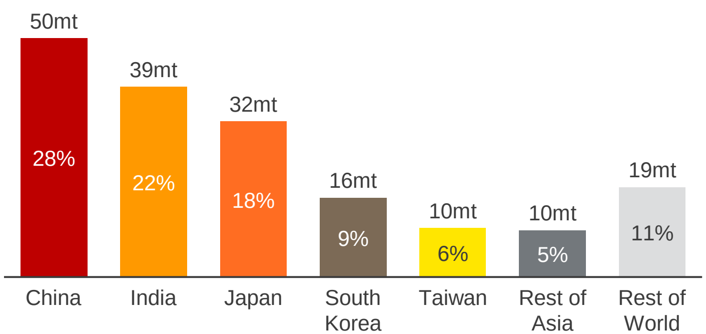
AUSTRALIA: METALLURGICAL COAL EXPORT VOLUME AND PRICE[2]



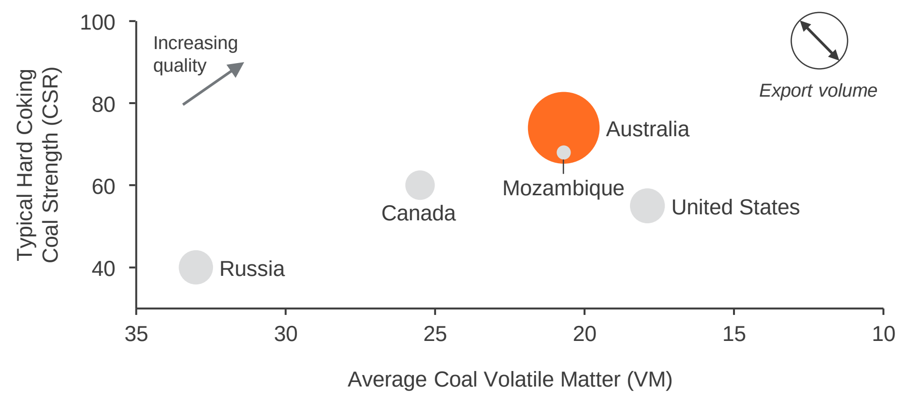
METALLURGICAL COAL CASH COSTS (US$/t, CFR INDIA, 2020)[3]



AUSTRALIA: FY2020 METALLURGICAL COAL EXPORT (BY DESTINATION)[4]



METALLURGICAL COAL QUALITY[5]

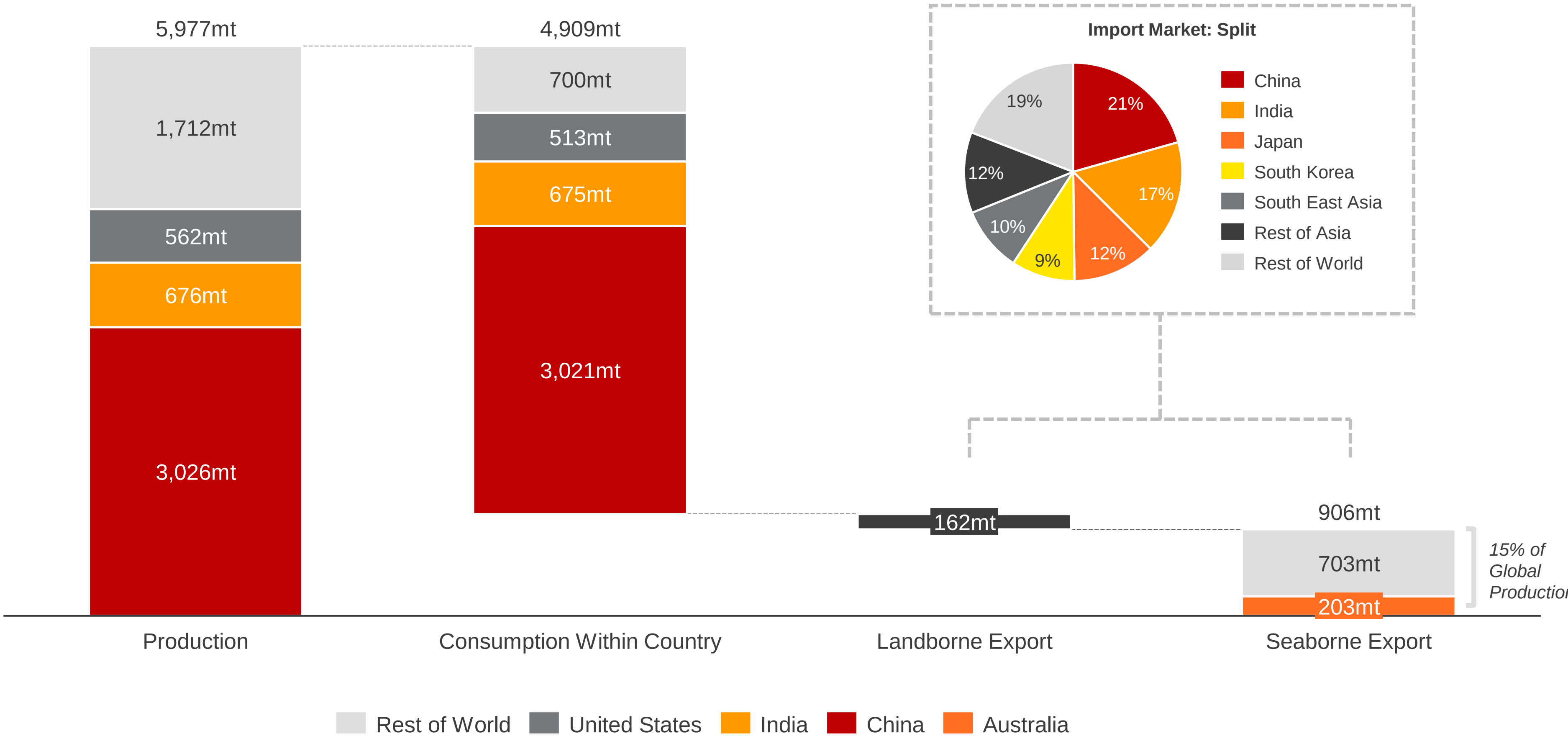


1. *Measured and indicated resources as at September 2018, raw coal in situ basis (Coking and PCI) for Queensland (only), Queensland Coal Inventory Report (December 2018).*
2. *Export Volume – Australian Bureau of Statistics (Customised Report). Hard Coking Coal Price – Platts (Peak Downs Region product).*
3. *Wood Mackenzie Coal Cost Curves (Data: May 2020, Reference Year: 2020), Wood Mackenzie Global Coal Markets Tool (Data: 2020 1H, Reference Year: 2020), Sea freight export terminal assumptions: US – East Coast, Canada – West Coast, Australia – Hay Point (Metallurgical), Russia - East.*
4. *Australian Bureau of Statistics 2020 (Customised Report)*
5. *Wood Mackenzie Global Coal Markets Tool (2020 1H), Wood Mackenzie Coal Cost Curves (Data May 2020, Reference Year: 2020), AME Research.*

Global Thermal (Steam) Coal Landscape

Over 80% of global thermal coal demand is produced and consumed within country. Australia holds around 20% of the seaborne market that is dominated by Asian demand

2018, million tonnes

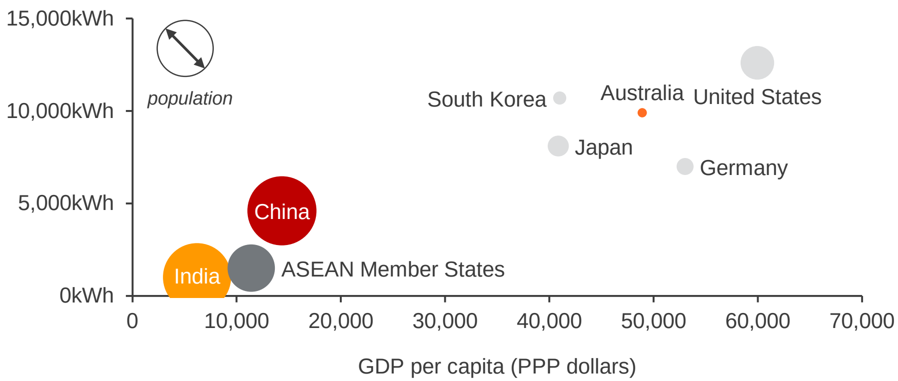


Source: International Energy Agency (IEA) Coal Information 2019 (Report), Coal Information 2020 (data). Steam Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal. Production includes both primary extraction in addition to recovered product from slurries, middlings and coal dust. Consumption Within Country is defined as production less exports. Landborne is defined as total trade (exports) less seaborne exports. No energy-adjustment applied

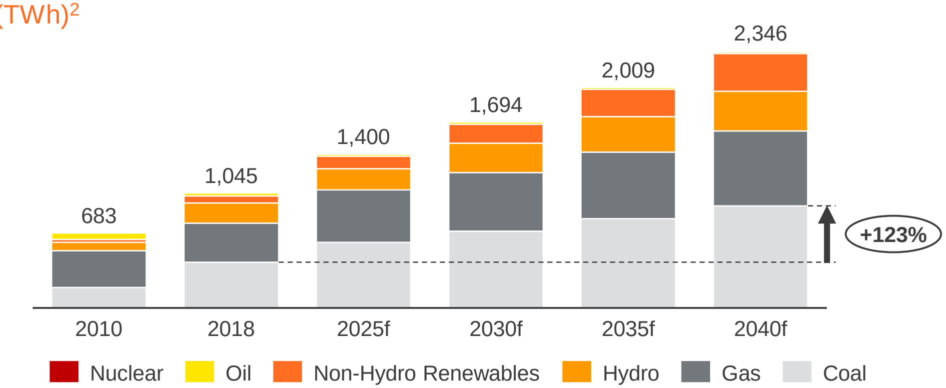
Future of Coal | Thermal Coal

99% of Australian exports are destined for Asia. It is this region (rather than global consumption) that is projected to use coal-fired generation assets for a prolonged period

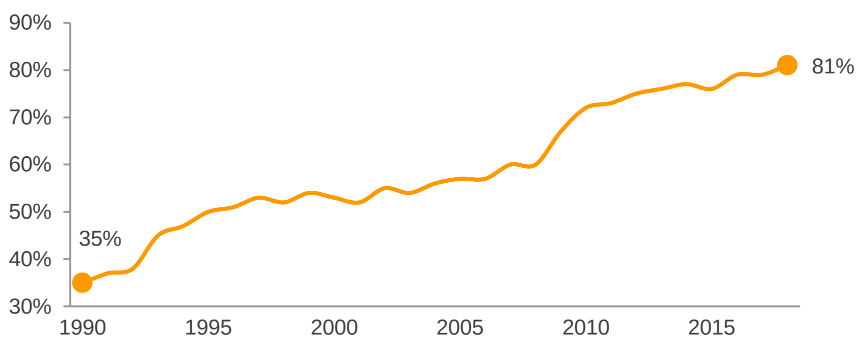
PER CAPITA ELECTRICITY CONSUMPTION VS. GDP PER CAPITA BY KEY COUNTRIES[1]



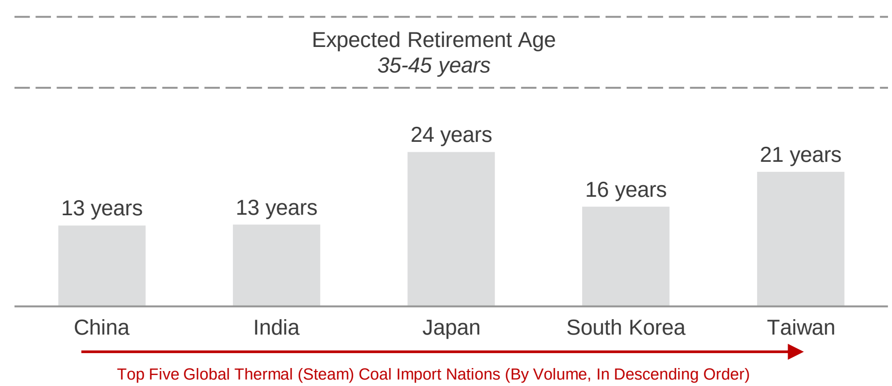
IEA WORLD ENERGY OUTLOOK (STATED POLICIES SCENARIO) FOR ELECTRICITY GENERATION IN SOUTH-EAST ASIA, BY SOURCE (TWh)[2]



ASIA: PROPORTION OF GLOBAL THERMAL COAL IMPORT VOLUME[3]



AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY[4]

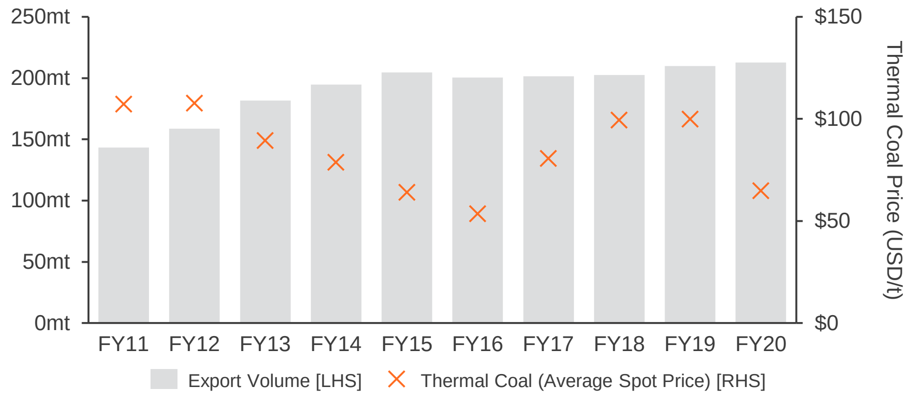


1. GDP (Purchasing Power Parity; international dollars) – World Bank (2017 data), Population - World Bank (2017 data), Electricity Consumption (KWh) – International Energy Agency (2017 electricity consumption per capita data). ASEAN Member States: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.
2. International Energy Agency, World Energy Outlook 2019
3. International Energy Agency, Coal Information 2020
4. UDI Electric Power Plants Database (March 2020), capacity weighted.

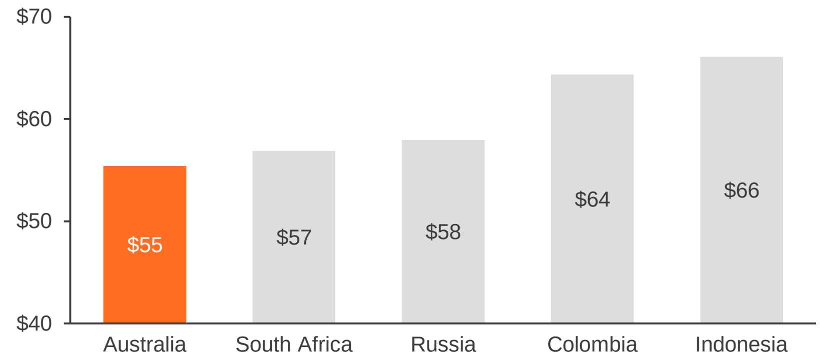
Thermal Coal Market | Australia

Australia's thermal coal competitiveness is driven by coal quality characteristics and geographic proximity to Asia

AUSTRALIA: THERMAL COAL EXPORT VOLUME AND PRICE[1]

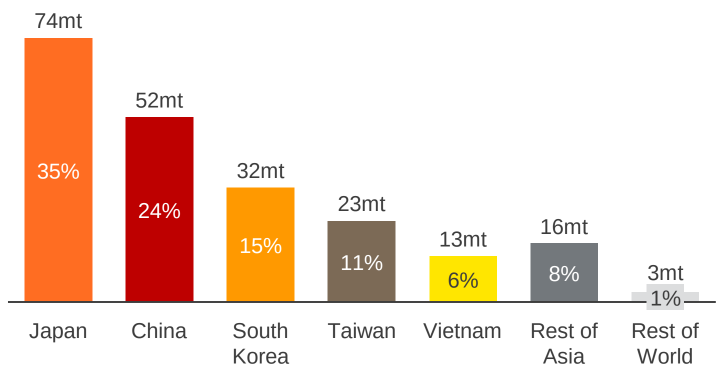


THERMAL COAL CASH COSTS (US$/t, CFR JAPAN, 2020)[2]

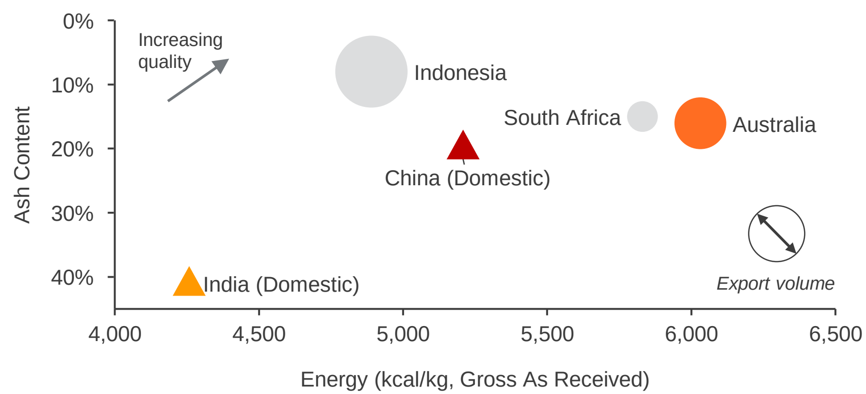


Note: Thermal Cash Costs (FOB) are energy-adjusted to 6,300 kcal/kg (Gross As Received)

AUSTRALIA: FY2020 THERMAL COAL EXPORT (BY DESTINATION)[3]



THERMAL COAL QUALITY[4]



Notes/Sources: 1 & 3 .Export Volume (and country split) - Australian Bureau of Statistics 2020 (Customised Report). Thermal Coal Price - Intercontinental Exchange (Newcastle 6,300 kcal/kg Gross As Received product). Rest of Asia: India & ASEAN Member States (excl. Vietnam – shown separately) 2. Wood Mackenzie Coal Cost Curves (Data: May 2020, Reference Year: 2020), Wood Mackenzie Global Coal Markets Tool (Data: 2020 1H, Reference Year: 2020), Sea freight export terminal assumptions: Australia – Newcastle (Thermal), Russia - East. 4. Wood Mackenzie Coal Cost Curves (Data: May 2020, Reference Year: 2020), Wood Mackenzie Coal Supply Data Tool (Q2 2020, Reference Year: 2020), India Ministry of Coal Provisional Coal Statistics 2018-19, IEA Coal Medium-Term Market Report 2016, Argus - Argus Coal Daily International, Methodology and Specification Guide (April 2020).

Additional Information: Group

Aurizon's rail haulage operations

KEY OPERATIONAL STATISTICS

COMMODITIES
Coal and bulk freight

ROLLINGSTOCK
~500 active locomotives

OPERATIONAL FOOTPRINT
~40 operational sites

PEOPLE
More than 4,600 full-time employees

WAGONS
11,000+ active wagons

AURIZON

Aurizon's vision, purpose, values and strategic levers

Execution against the three strategic levers is aimed at driving differentiation, competitive advantage and sustainable performance

VISION

The first choice for bulk commodity transport solutions

PURPOSE

Growing regional Australia by delivering bulk commodities to the world

Our values

SAFETY

PEOPLE

INTEGRITY

CUSTOMER

EXCELLENCE

STRATEGIC LEVERS

OPTIMISE — Accelerate cost competitiveness of Aurizon

EXCEL — Achieve regulatory reform and competitive advantage through asset efficiency

EXTEND — Position Aurizon for growth

Quarterly tonnes: June 2020

	Quarter Ending						Financial Year		
	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Variance[1]	FY2020	FY2019	Variance[1]
Coal volumes (mt)									
CQCN	39.5	36.6	37.7	37.0	38.8	(2%)	150.1	152.3	(1%)
NSW & SEQ	16.6	16.2	15.8	14.8	17.0	2%	63.8	62.0	3%
Total	**56.1**	**52.8**	**53.5**	**51.8**	**55.8**	(1%)	**213.9**	**214.3**	**-**
Coal NTK (bn)									
CQCN	10.0	9.2	9.5	9.3	9.8	(2%)	37.8	38.3	(1%)
NSW & SEQ	3.2	3.2	2.9	2.9	3.2	-	12.2	12.2	-
Total	**13.2**	**12.4**	**12.4**	**12.2**	**13.0**	**(2%)**	**50.0**	**50.5**	**(1%)**
Bulk volumes (mt)	**10.7**	**11.6**	**12.0**	**11.5**	**13.0**	**21%**	**48.1**	**44.6**	**8%**
Above Rail Volumes (mt)	**66.8**	**64.4**	**65.5**	**63.3**	**68.8**	**3%**	**262.0**	**258.9**	**1%**

1. Variance compared to the previous corresponding period (FY2019)
Note: Due to rounding, the sum of components may not equal the corresponding total

Enterprise Agreements

				Headline Increases				
EA	# Staff Covered (approx.)	Term (years)	Expiry Date	Year 1	Year 2	Year 3	Year 4	Status
WA Rollingstock Maintenance	100	4	10 May 2021	1.0%	1.5%	1.75%	1.75%	Complete
WA Rail Operations	420	4	30 June 2022	1.5%	2.0%	2.0%	2.25%	Complete
NSW Coal	310	3	10 Nov 2021	2.5%	2.5%	2.5%		Complete
QLD Staff	920	4	30 Jan 2023	2.1%	2.1%	2.25%	2.25%	Complete
QLD Infrastructure	550	4	27 May 2023	2.1%	2.1%	2.25%	2.25%	Complete
QLD Coal • Traincrew & transport operators Maintenance	1280	3	11 Nov 2022 11 Nov 2022	2.5% 2.0%	2.3% 2.0%	2.25% 2.0%		Complete
QLD Bulk • Traincrew & transport operators Maintenance	370	3	24 Jan 2023 24 Jan 2023	2.5% 1.5%	2.3% 2.0%	2.25% 2.0%		Complete

Prioritisation of capital

CAPITAL ALLOCATION HIERARCHY

1 DETERMINE AVAILABLE CAPITAL

- Ongoing operating cashflows
- Impacts of the new legal structure:
  - Credit ratings for Network & Operations - BBB+/Baa1
  - ~$1.2bn additional funding capacity

2 NON GROWTH CAPITAL

- Sustaining and transformation projects

3 DIVIDENDS

- Within 70-100% payout ratio

4 SURPLUS CAPITAL

- Capital management opportunities
- Growth projects – only where it maximises shareholder value

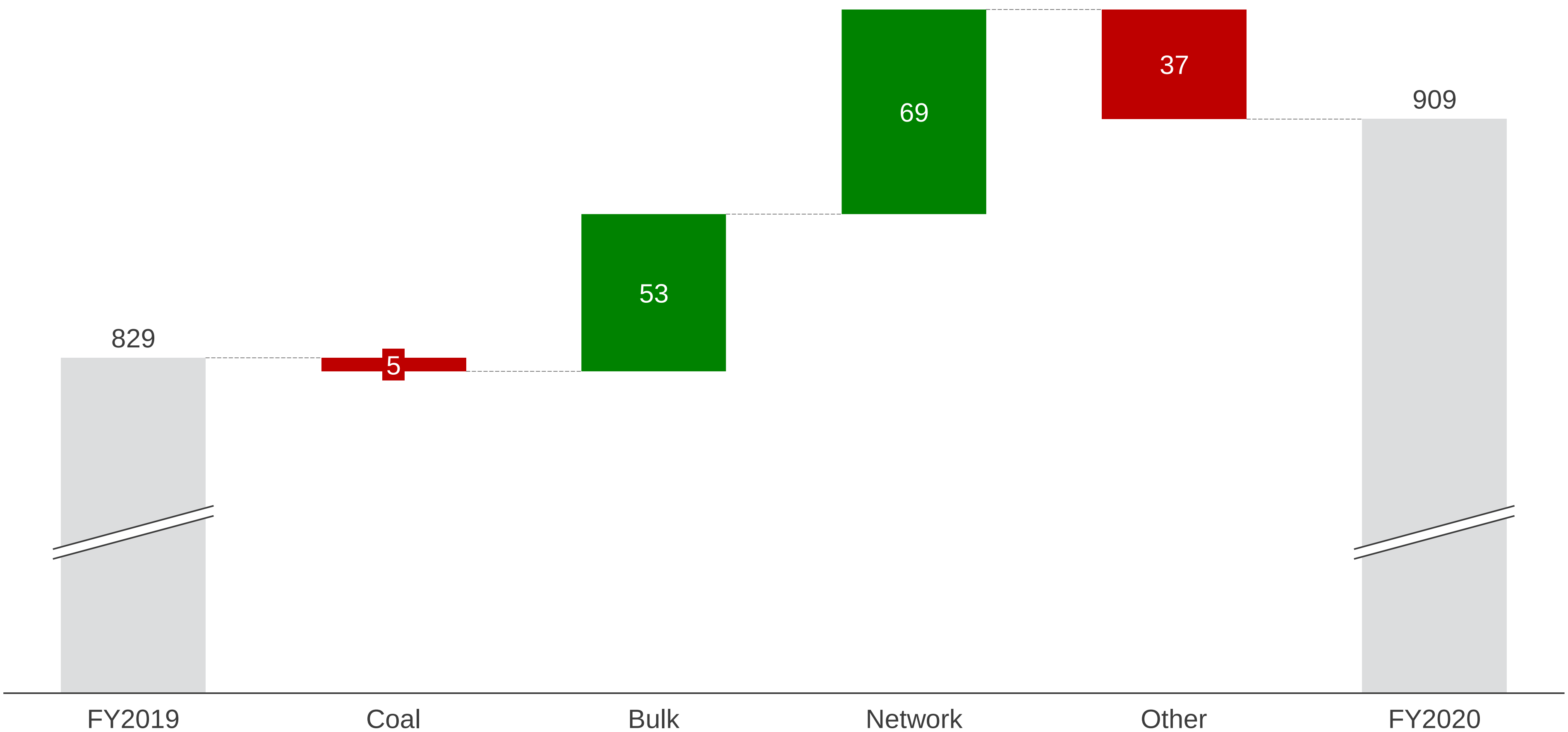
Capital management options influenced by low franking and share capital account balance

Financial highlights[1] (underlying)

$m	FY2020	FY2019	Variance
Revenue	3,064.6	2,907.6	5%
Operating Costs	(1,597.0)	(1,536.0)	(4%)
EBITDA	1,467.6	1,371.6	7%
EBIT	909.0	829.0	10%
NPAT	531.4	473.3	12%
EPS (cps)	27.2	23.8	14%
Final dividend per share	13.7	12.4	10%
ROIC (%)	10.9%	9.7%	1.2ppt
Gearing (net debt / net debt + equity) (%)	45.1%	41.7%	(3.4ppt)

1. Continuing operations

Underlying group EBIT bridge[1] ($m)



1. Continuing operations

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

	FY2020	FY2019	Variance
Coal	410.6	415.1	(1%)
Bulk	89.9	37.3	141%
Network	468.8	400.3	17%
Other	(60.3)	(23.7)	(154%)
EBIT	**909.0**	**829.0**	**10%**

1. Continuing operations

Group operating highlights[1]

	FY2020	FY2019	Variance
Labour Costs[2] / Revenue	26.4%	26.0%	(0.4ppt)
EBITDA Margin – Underlying	47.9%	47.2%	0.7ppt
Operating Ratio – Underlying	70.3%	71.5%	1.2ppt
Above Rail Tonnes (m)	262.0	258.9	1%
People (FTE)	4,883	4,728	(3%)

1. Continuing operations
2. Excludes redundancy costs

Balance sheet summary ($m)

	30 June 2020	30 June 2019
Assets classified as held for sale	**65.1**	**108.4**
Other current assets	650.2	631.2
Total current assets	**715.3**	**739.6**
Property, plant and equipment (PP&E)	8,537.1	8,536.3
Other non-current assets	519.6	425.2
Total non-current assets	**9,056.7**	**8,961.5**
Total Assets	**9,772.0**	**9,701.1**
Liabilities classified as held for sale	(0.7)	(3.8)
Other current liabilities	(814.1)	(795.7)
Total borrowings	(3,607.2)	(3,369.8)
Other non-current liabilities	(992.3)	(854.4)
Total Liabilities	**5,414.3**	**5,023.7**
Net Assets	**4,357.7**	**4,677.4**
Gearing (net debt / net debt + equity) (%)	**45.1%**	**41.7%**

Reconciliation of borrowings

	$m	Commentary
Total debt including working capital facility	3,363.4	Borrowings on a cash basis
Reconciliation to Financial Statements		
Add/(less):		
Capitalised transaction costs	(10.2)	
Discounts on bonds	(7.1)	Discounts on medium term notes capitalised to the balance sheet and unwound to the income statement in accordance with AASB 9
Accumulated fair value adjustments	261.1	Accumulated fair value hedge mark-to-market adjustment on bonds in accordance with AASB 9
Total adjustments	243.8	
Total borrowings per financial report	**3,607.2**	Current and non-current borrowings

Significant adjustments ($m)

	FY2020	FY2019	Variance
Continuing operations – Net gain on sale of Rail Grinding (before tax)	105.4	-	-

Redundancy cost information

Year	Redundancy costs included in underlying EBIT ($m)	Redundancy costs classified as Significant items ($m)
FY2015	36	-
FY2016	24	-
FY2017	5	116
FY2018	17	(10)
FY2019	21	(1)
FY2020	16	-

- Redundancy costs since IPO have been included in underlying EBIT as well as classified as a significant item
- Aurizon classifies redundancy costs as significant in the notes to the financial statements, 4E, 4D and investor presentations when the amounts are considered material
- Redundancy costs are presented for total Group (Continuing and Discontinued operations)

Dividend history

	Payment Date	Amount per share (cents)	Franking	Payout Ratio
FY2020 Final	21 September 2020	13.7	70%	100%[1]
FY2020 Interim	23 March 2020	13.7	70%	100%[1]
FY2020 Total Dividend		**27.4**		
FY2019 Final	23 September 2019	12.4	70%	100%[1]
FY2019 Interim	25 March 2019	11.4	70%	100%[1]
FY2019 Total Dividend		**23.8**		
FY2018 Final	24 September 2018	13.1	60%	100%[1]
FY2018 Interim	26 March 2018	14.0	50%	100%[1]
FY2018 Total Dividend		**27.1**		
FY2017 Final	25 September 2017	8.9	50%	100%
FY2017 Interim	27 March 2017	13.6	70%	100%
FY2017 Total dividend		**22.5**		
FY2016 Final	26 September 2016	13.3	70%	100%
FY2016 Interim	29 March 2016	11.3	70%	100%
FY2016 Total dividend		**24.6**		
FY2015 Final	28 September 2015	13.9	30%	100%
FY2015 Interim	23 March 2015	10.1	0%	70%
FY2015 Total dividend		**24.0**		

The relevant final dividend dates are:

- Ex-dividend date 24 August 2020
- Record date 25 August 2020

1. Payout ratio on underlying NPAT for continuing operations

Adoption of new accounting standards

The Group adopted AASB 16 from 1 July 2019

- The adoption of AASB 16 results in almost all previously recognised operating leases being recognised on the balance sheet. Under the new standard an asset (right to use the leased item) and a finance liability to pay rentals are recognised
- The Group has elected to apply the Modified Retrospective Approach when transitioning to the new standard and was not required to restate comparative information.
- With the introduction of the new lease accounting standard Aurizon has reviewed the current ROIC calculation and simplified the definition of invested capital which has been applied from FY2020
- As a result of adopting the standard, continuing EBIT has improved $1.4m in FY2020.

IMPACT ON BALANCE SHEET

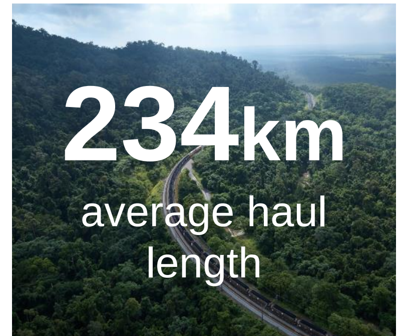
ASSETS	**$m**
Current Assets	
Other assets	4.9
Non Current assets	
Property, plant & equipment	53.3
Other assets	41.1
Total Assets	**99.3**
LIABILITIES	
Current liabilities	
Provisions	0.1
Other liabilities	(9.8)
Non Current liabilities	
Provisions	2.3
Other liabilities	(90.3)
Total Liabilities	**(97.7)**
Net Assets	**1.6**
EQUITY	
Retained earnings	1.6

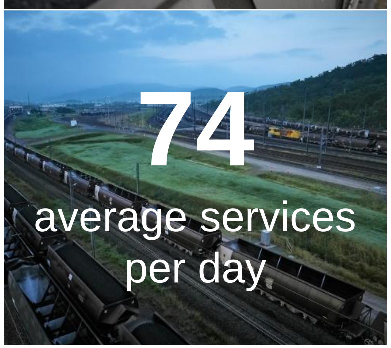
Additional information: Coal

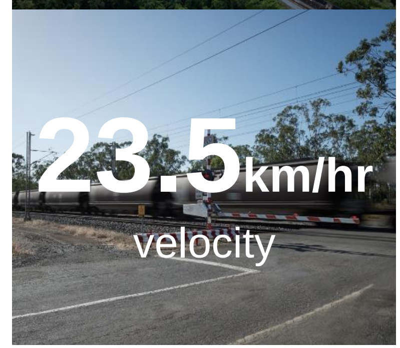
AURIZON

Coal snapshot

As at 30 June 2020



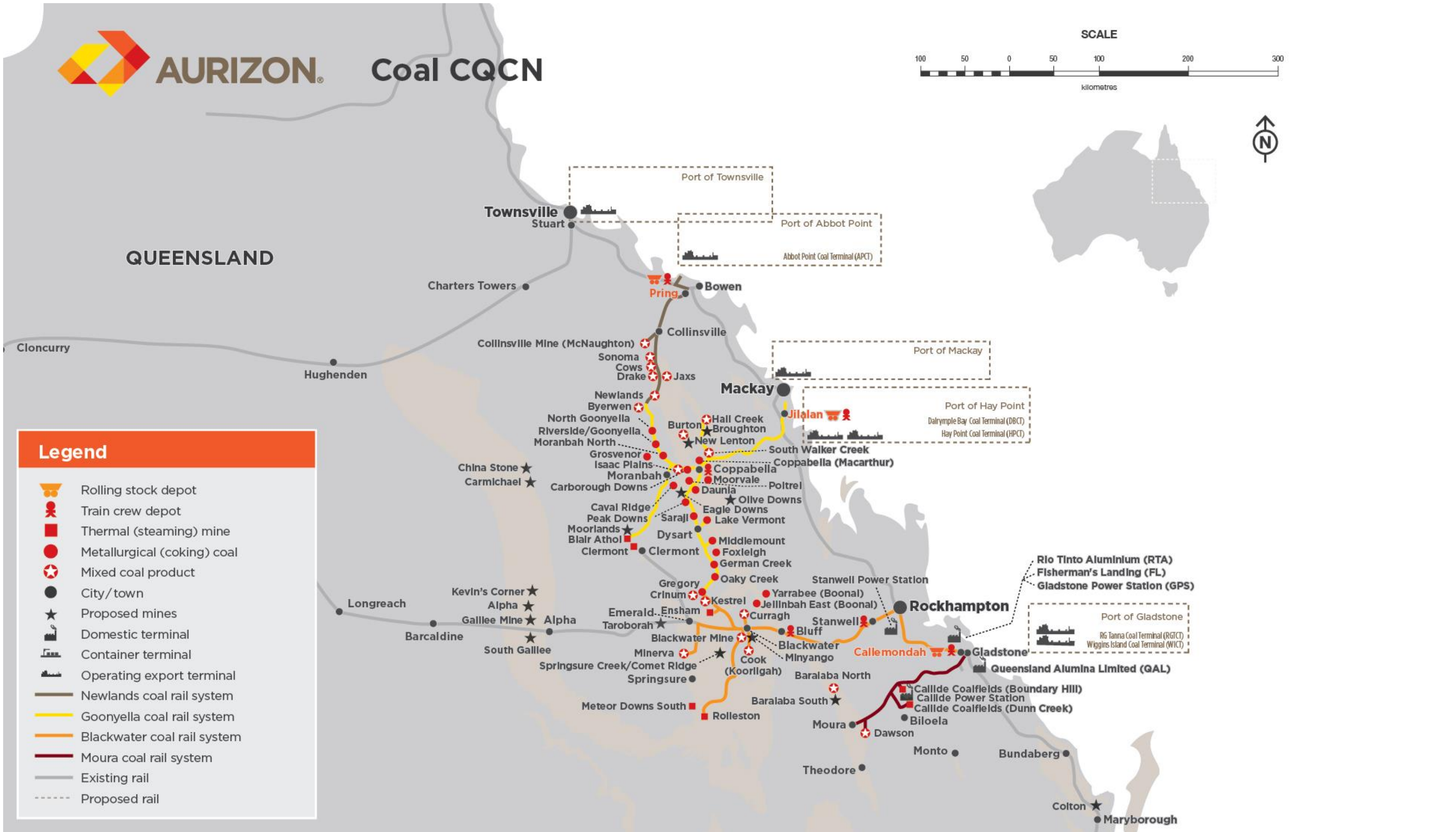




1. Estimated coal type split FY2020: metallurgical coal (42%), thermal coal (58%)

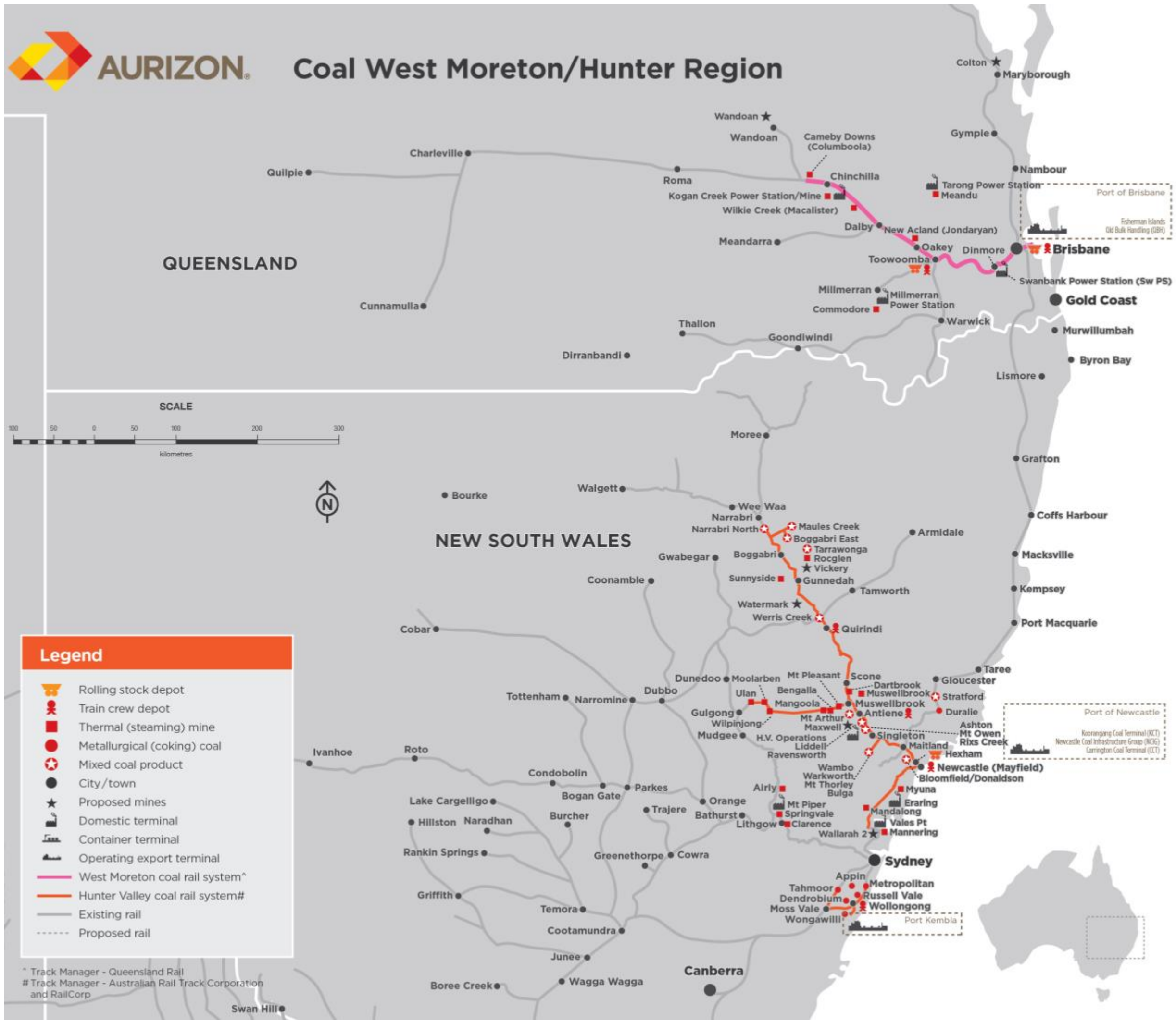
AURIZON

Coal operations - CQCN



Includes all mines in the CQCN

Coal operations – NSW & South East Queensland (SEQ)



Includes all mines in NSW & SEQ

Coal: Operating metrics[1]

	FY2020	FY2019	Variance
Total tonnes hauled (m)	213.9	214.3	-
Contract utilisation	86%	90%	(4ppt)
Total NTK (bn)	50.0	50.5	(1%)
Average haul length (km)	234	236	(1%)
Total revenue / NTK ($/'000 NTK)	35.5	34.2	4%
Above Rail Revenue / NTK ($/'000 NTK)	25.2	24.5	3%
Operating Ratio (%)	76.9%	75.9%	(1.0ppt)
Opex / NTK ($/'000 NTK)	27.3	25.9	(5%)
Opex / NTK (excluding access costs) ($/'000 NTK)	17.1	16.6	(3%)
Locomotive productivity ('000 NTK / Active locomotive day)[1]	405.5	416.0	(3%)
Active locomotives (as at 30 June)[1]	332	337	(1%)
Wagon productivity ('000 NTK / Active wagon day)[1]	15.7	16.0	(2%)
Active wagons (as at 30 June)[1]	8,721	8,732	-
Payload (tonnes)[1]	7,676	7,501	2%
Velocity (km/hr)[1]	23.5	22.9	3%
Fuel Consumption (l/d GTK)[1]	2.86	2.82	(1%)

1. Operational metrics have been restated in prior periods to reflect new reporting which utilises updated data sources

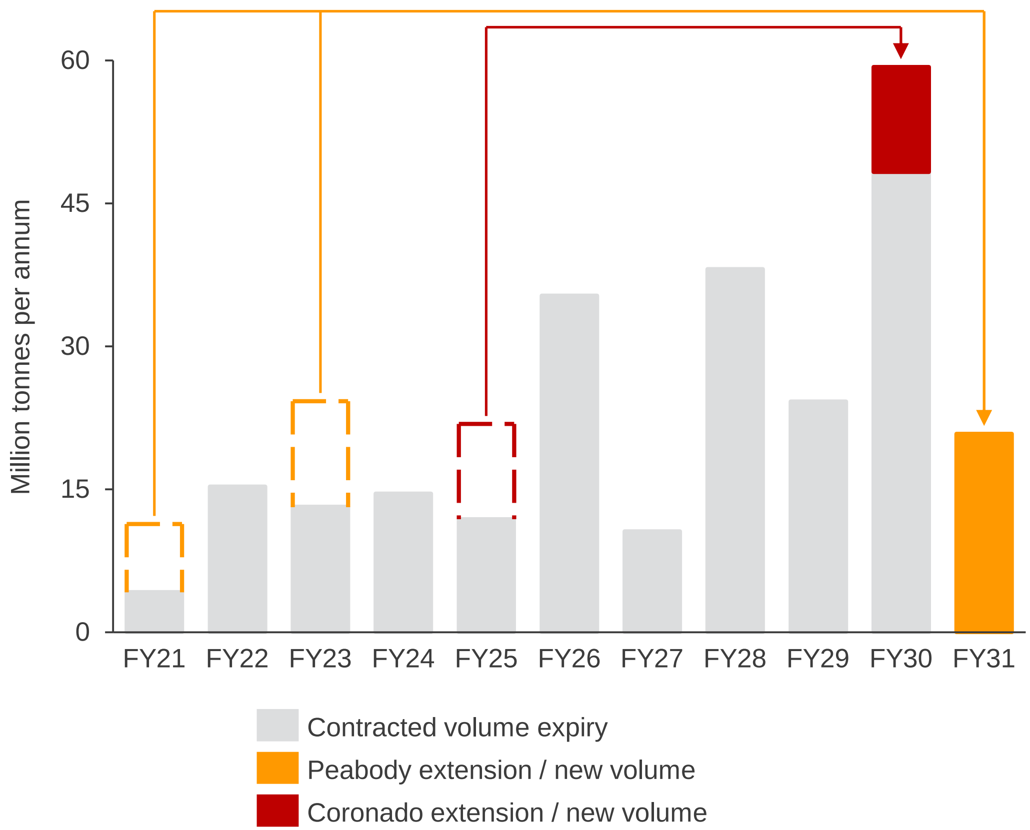
AURIZON

Coal haulage tonnes (mt) by system

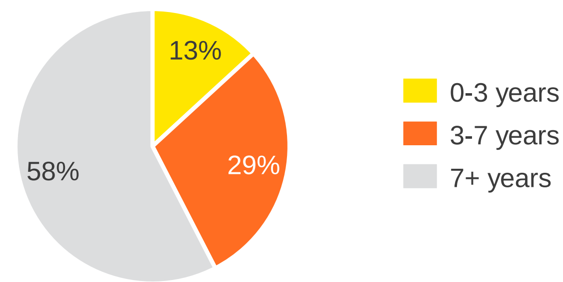
	FY2020	FY2019	Variance
CQCN			
Newlands	20.8	18.8	11%
Goonyella	59.9	61.0	(2%)
Blackwater	55.6	58.9	(6%)
Moura	13.8	13.6	1%
Total CQCN	**150.1**	**152.3**	**(1%)**
NSW & SEQ			
West Moreton	5.5	7.4	(26%)
Hunter Valley	58.3	54.6	7%
Total NSW & SEQ	**63.8**	**62.0**	**3%**
Total Coal	**213.9**	**214.3**	**(0%)**

Coal contract portfolio

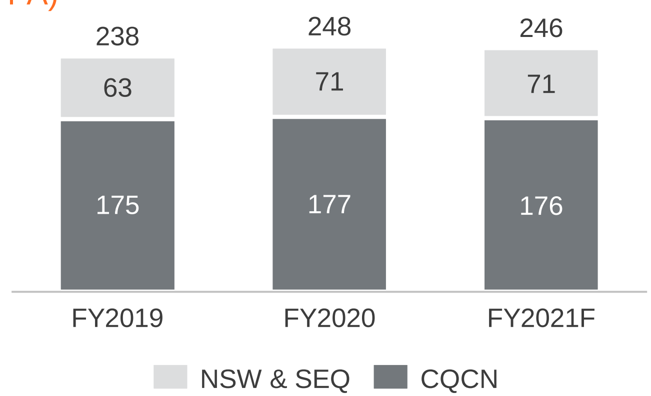
AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR[1] *AS AT 30 JUNE 2020*



COAL CONTRACT PORTFOLIO EXPIRY[1] *AS AT 30 JUNE 2020*



FORECAST COAL CONTRACTED VOLUMES[2] (MTPA)

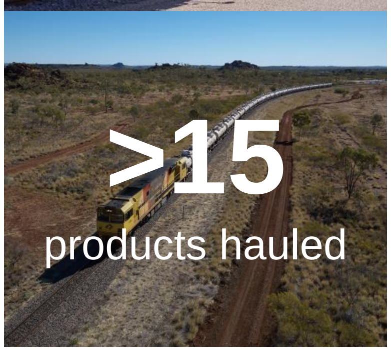


1. Announced contract tonnages may not necessarily align with current contract tonnages. Incorporates contract extension options where applicable. Includes immaterial variations to volume/term not announced to market.
2. This represents the contracted tonnes as at 30 June 2020 and includes nominations, options and other uncertain events that have the potential to cause variance in AZJ contracted tonnes.

Additional Information: Bulk

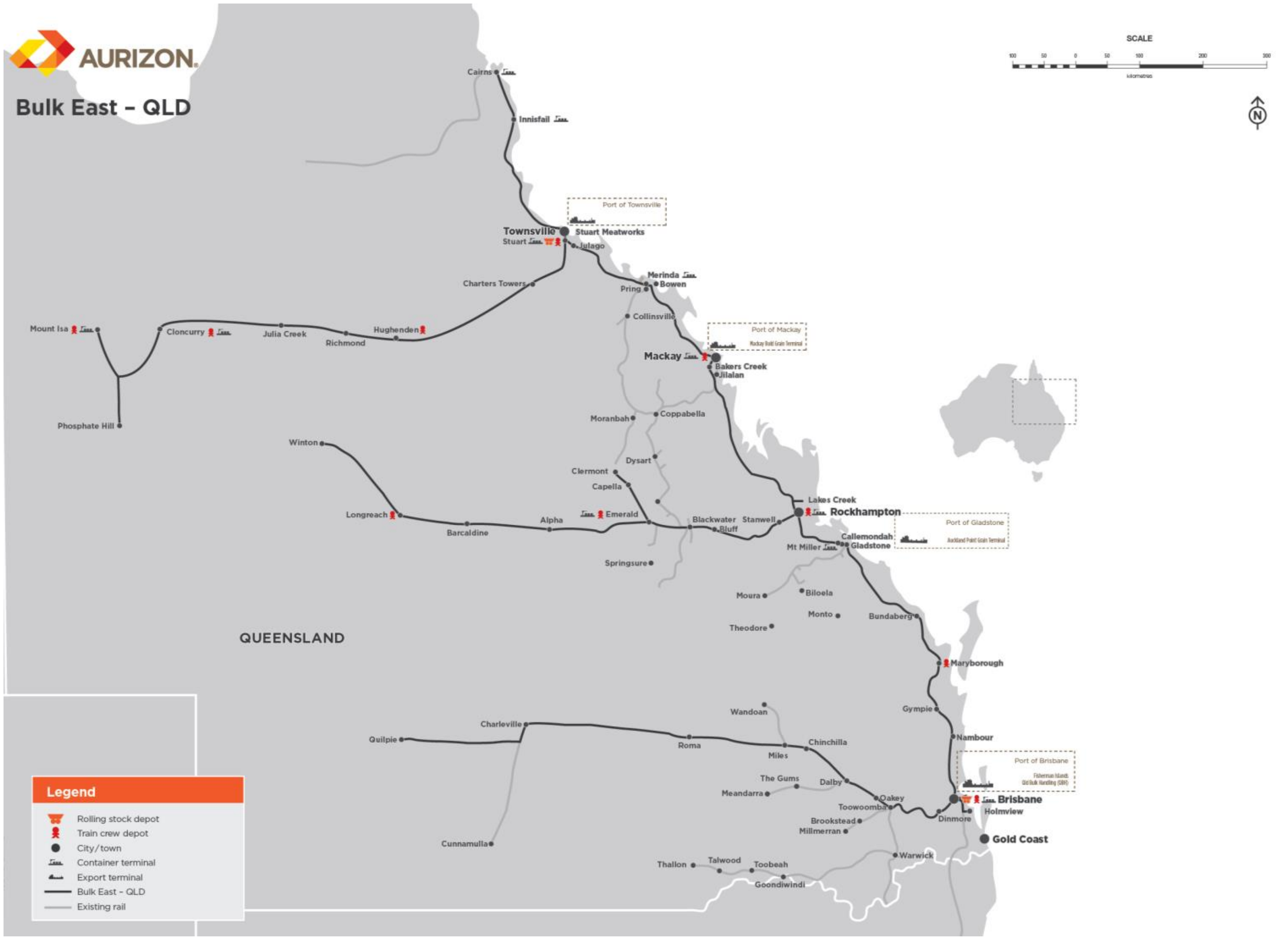
Bulk snapshot

As at 30 June 2020



1. Top three Bulk commodities represent 73% of total volumes hauled in FY2020. Iron ore (27%), alumina (25%), Bauxite (21%).

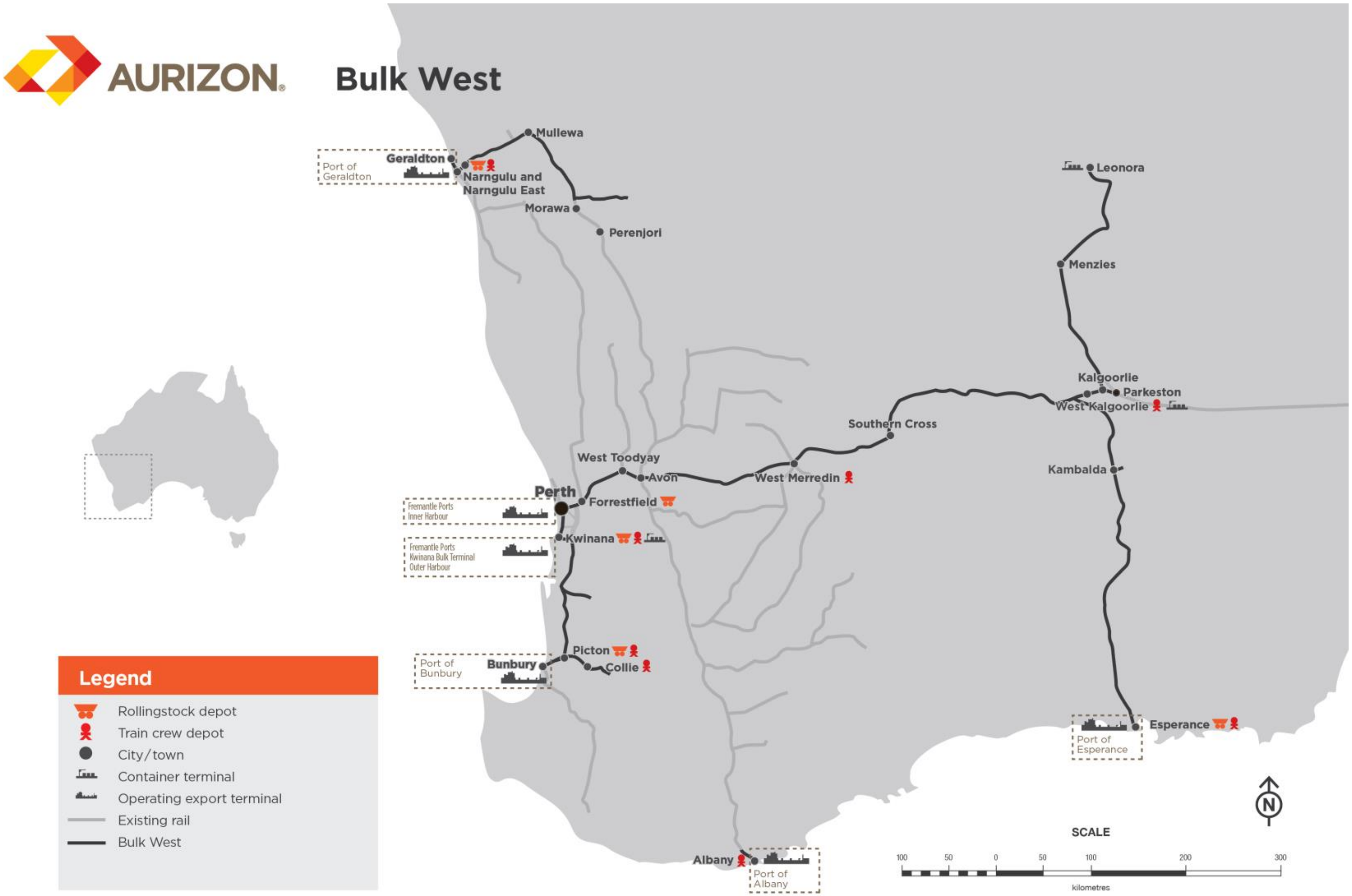
Bulk operations – Queensland



AURIZON

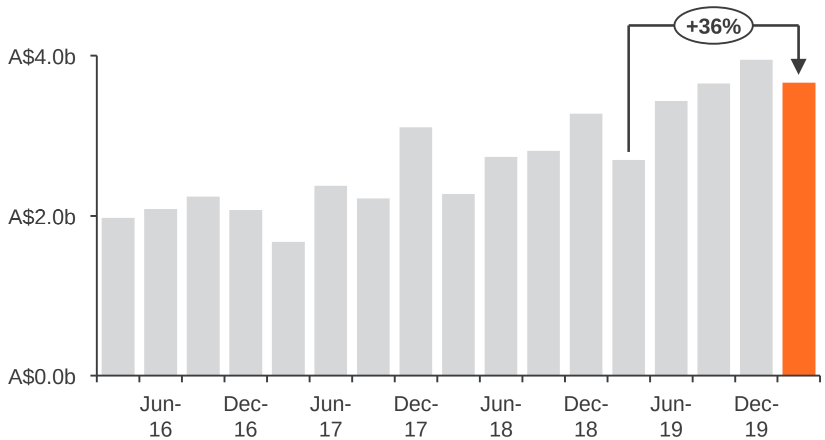
Bulk operations – New South Wales, Victoria and South Australia

Bulk operations – Western Australia

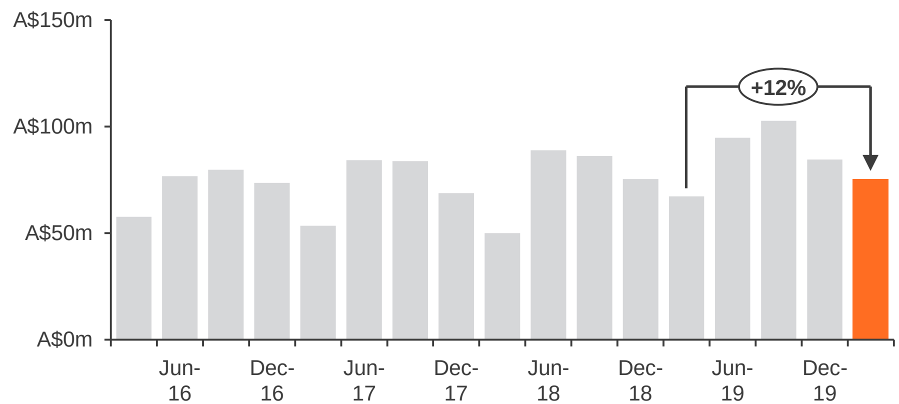


Bulk – Australia Capital & Exploration Expenditure

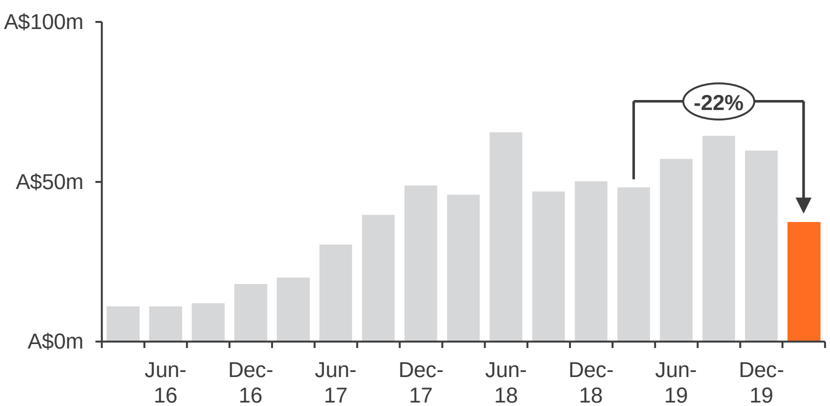
CAPITAL EXPENDITURE: METAL ORE MINING[1]



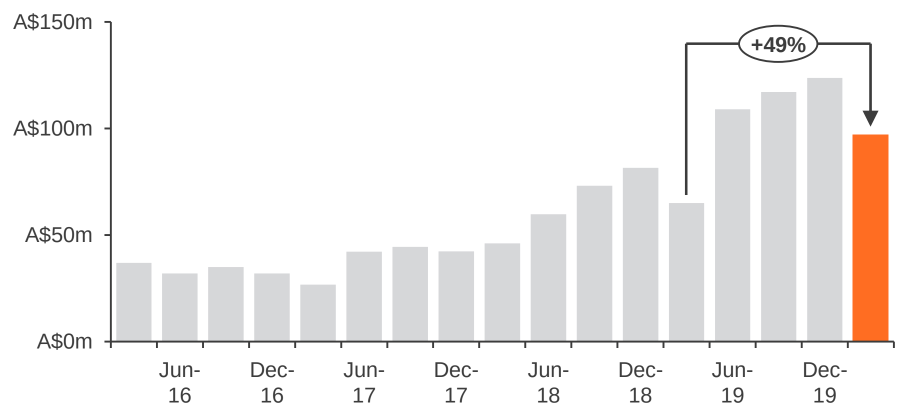
EXPLORATION EXPENDITURE: IRON ORE



EXPLORATION EXPENDITURE: NICKEL & COBALT



EXPLORATION EXPENDITURE: COPPER

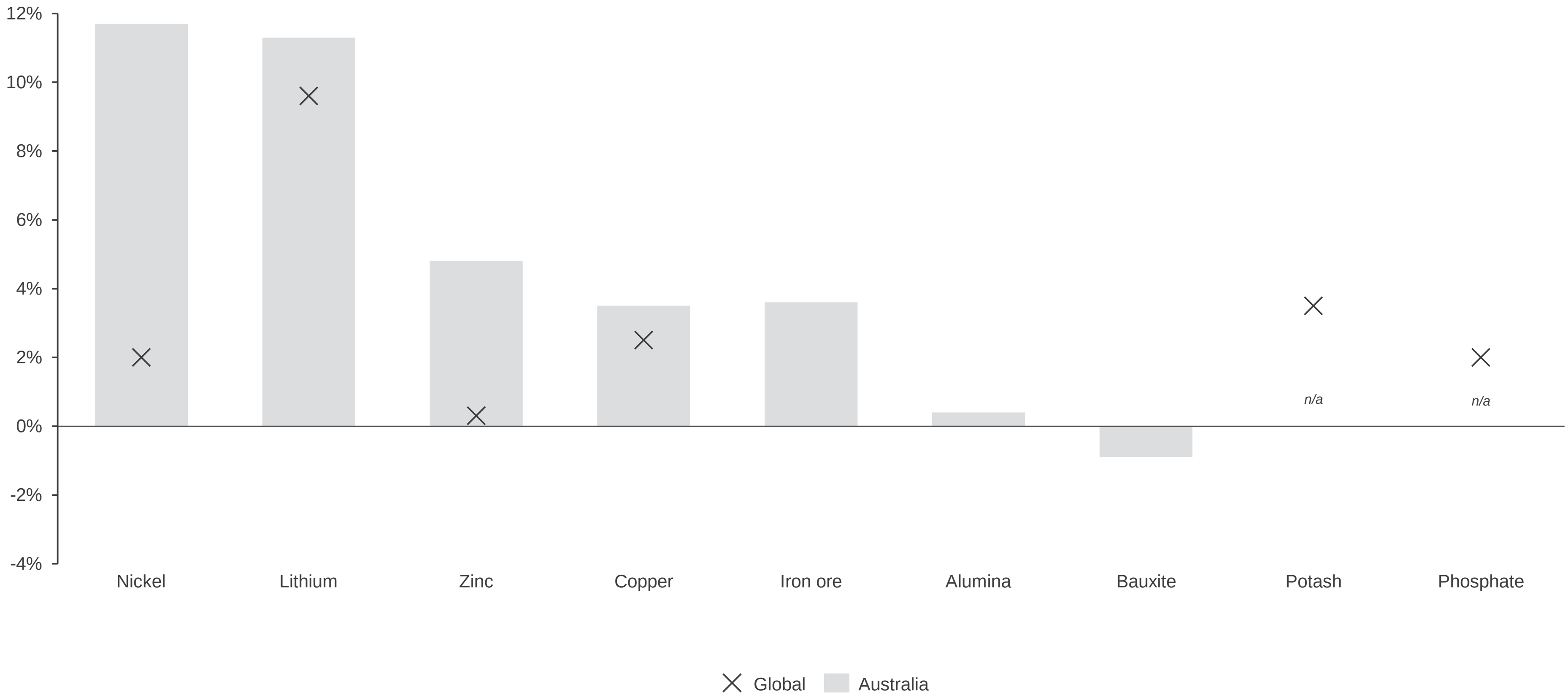


1. Metal Ore Mining includes: Iron ore, Bauxite, Copper, Gold, Mineral Sand, Nickel, Silver, Lead, and Zinc ore mining
Source: Australian Bureau of Statistics

Bulk commodities: Supply growth

Global & Australia supply growth (CAGR 2019-2025)

Selected commodities

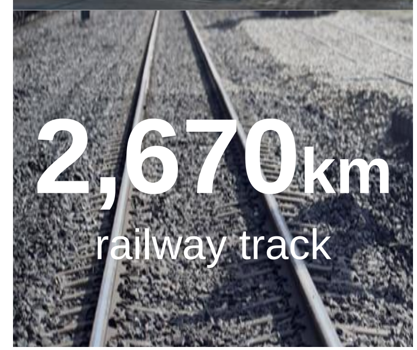


Notes/Sources: Lithium, Nickel, Bauxite, Iron ore, Alumina, Zinc: Office of the Chief Economist (Resources & Energy Quarterly March 2020), Potash and phosphate (Phosphate is represented by Phosphoric Acid): Food & Agriculture Organization of the United Nations – World fertilizer trends and outlook to 2022 (growth represents world supply between 2016-2022). No global growth figures stated for iron ore, alumina or bauxite.

Additional information: Network

Network snapshot

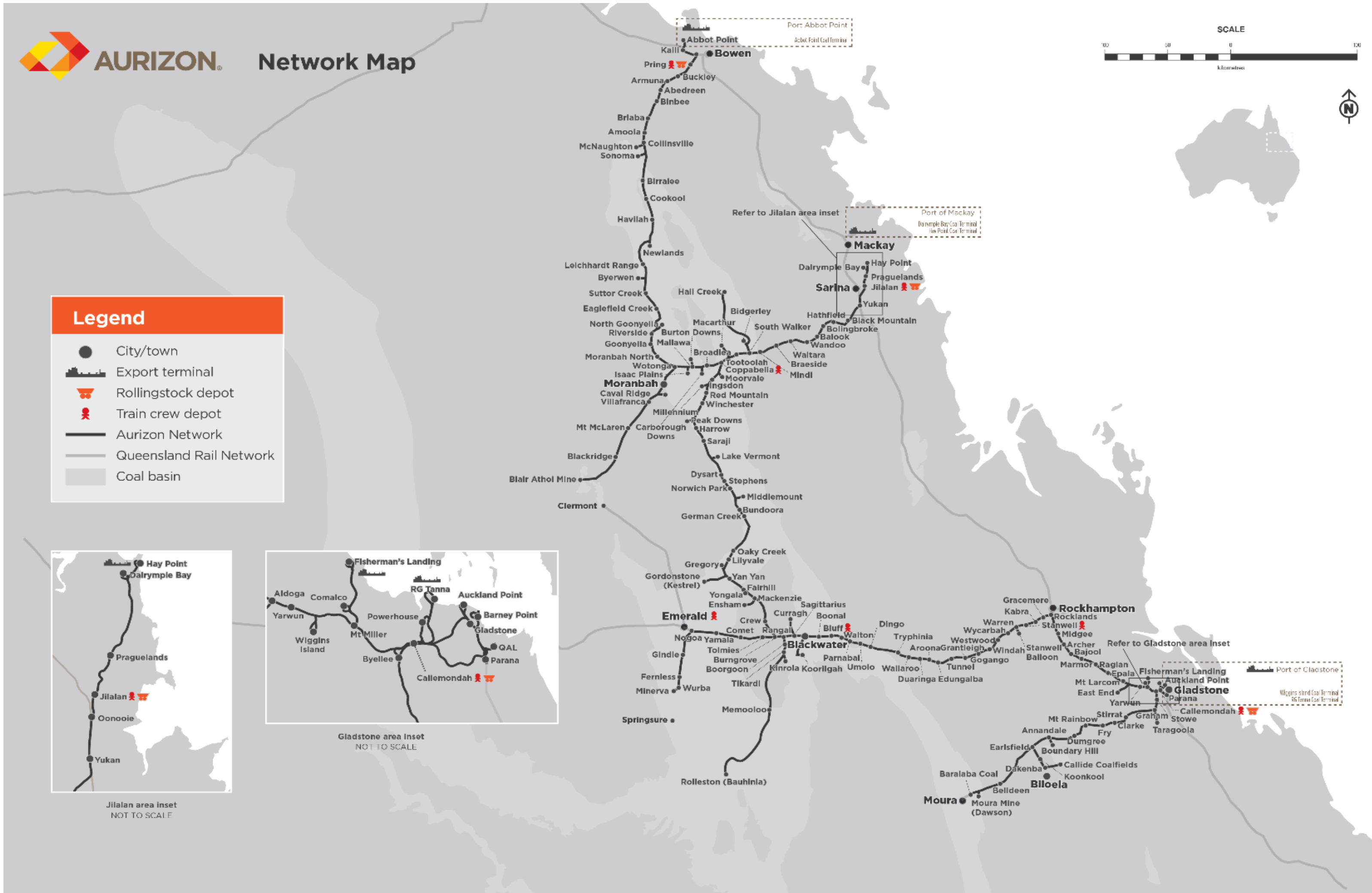
As at 30 June 2020



1. Estimated split (all rail operators) metallurgical coal (69%), thermal coal (31%)
2. Estimate at 1 July 2020 - Roll forward value based on UT5 Undertaking (excludes $0.4bn in assets operating under an AFD)

Central Queensland Coal Network (CQCN)

CQCN comprises four major coal systems and one connecting system link (GAPE) servicing Queensland's Bowen Basin coal region



Network financial and operating metrics

$m	FY2020	FY2019	Variance
Tonnes (m)	226.9	232.7	(2%)
NTK (bn)	56.2	57.9	(3%)
Operating Ratio	60.6%	64.2%	3.6ppt
Maintenance/NTK ($/'000 NTK)	2.3	2.3	-
Opex/NTK ($/'000 NTK)	12.8	12.4	(3%)
Cycle Velocity (km/hr)	23.3	23.1	1%
System Availability	83.3%	83.8%	(0.5ppt)
Average Haul Length (km)	248	249	(0%)

Network volumes: All rail operators

	FY2020	FY2019	Variance
Newlands	14.1	12.6	12%
Goonyella	117.7	124.4	(5%)
Blackwater	62.6	64.9	(4%)
Moura	13.6	13.6	-
GAPE	18.8	17.1	10%
Total (mt)	**226.9**	**232.7**	(2%)

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

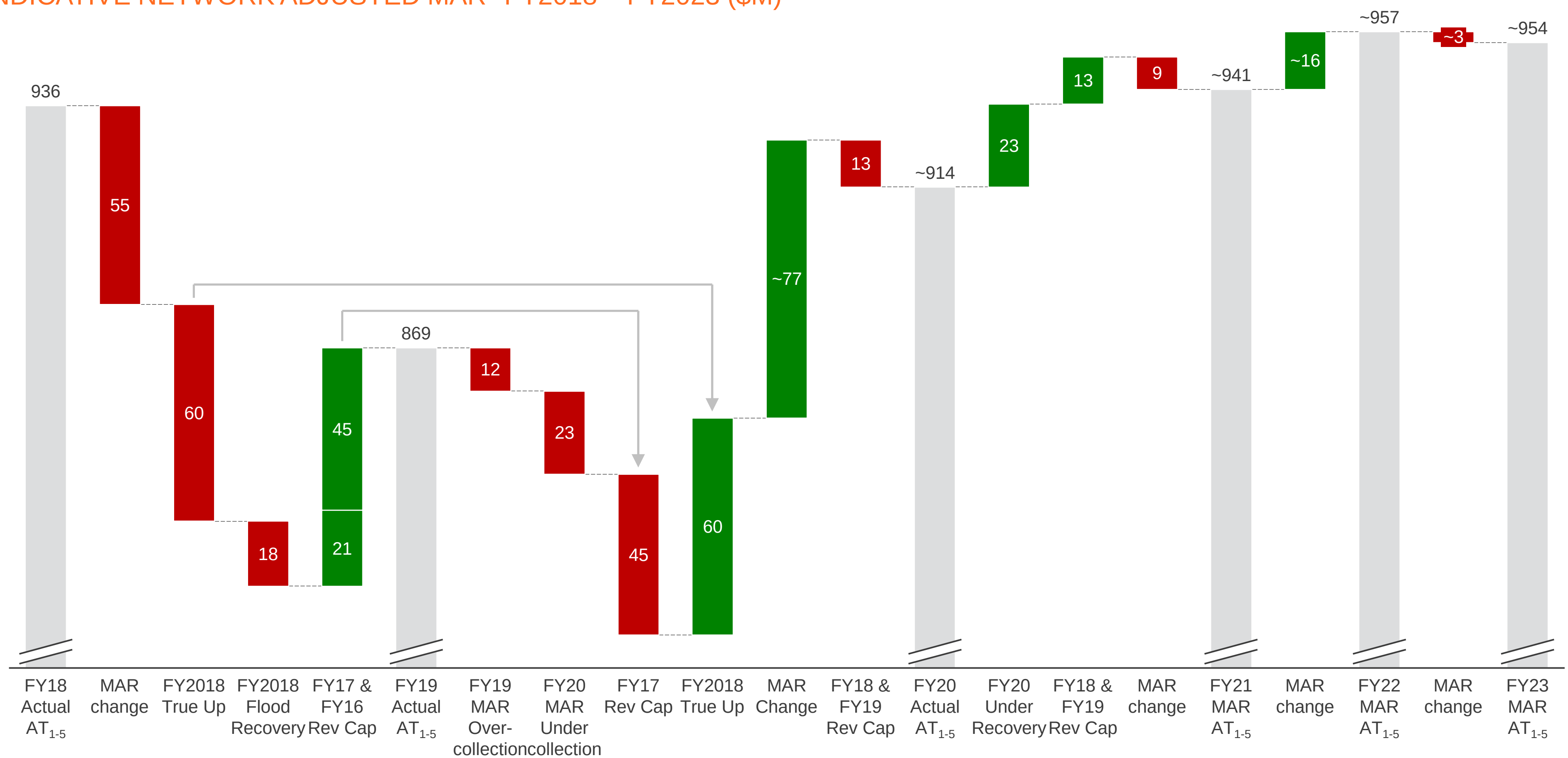
Network – FY2020 Access Revenue movement

	$m	$m
Increase in MAR from FY2019 to FY2020		76.6
Reversal of FY2018 UT5FD True-Up from FY2019		60.1
Volume under-recovery for FY2020		(22.6)
Volume over-recovery for FY2019		(11.8)
GAPE revenue		(2.7)
Revenue Cap Movements:		
FY2019 Revenue Cap (Payment to Access Holders)	(12.2)	
FY2018 Revenue Cap (Payment to Access Holders)	(0.8)	
FY2017 Revenue Cap (Reversal of FY2019 impact, recovery from Access Holders)	(44.5)	(57.5)
Rebates (including recovery of UT5 True-Up, rebates previously paid on Transitional Tariffs)		17.8
Other Access Revenue		1.5
Movement in FY2020 Access Revenue		**61.4**

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

Network adjusted MAR bridge – Approved UT5 Undertaking

INDICATIVE NETWORK ADJUSTED MAR* FY2018 – FY2023 ($M)



Amounts exclude GAPE and assumes no reduction in revenue due to Network non-performance. Amount also exclude Capital Reconciliation adjustments and volume variances from FY2021 onwards.
Approved FY2020 and FY2021 MAR assumed a Report Date of March 2020. Impact to MAR for each month Report Date is delayed is ~$2m per month, representing a 40 basis point uplift in WACC, returned to Access Holders via Revenue Adjustment Amounts. Due to rounding, the sum of components may not equal the corresponding total

Network revenue adjustment amounts (revenue cap)

Financial Year	AT_{2-4} (diesel tariff) $m	AT_5 (electric tariff) $m	Total $m
2020[1,2]	~15	~5	~20
2019[2]	(9.9)	(2.7)	(12.6)
2018[2]	(6.2)	5.5	(0.7)
2017[2]	30.1	13.9	44.0

- Revenue adjustment amounts (RAA) are the difference by system between Aurizon's Total Actual AT_{2-5} Revenue and Allowable AT_{2-5} Revenue
- The RAA amounts are collected or repaid through a tariff adjustment two years later
- All (except FY2020) revenue adjustment amounts include cost of capital adjustments
- RAA also includes adjustments for maintenance, rebates, energy connection costs, WACC adjustments and other costs recoverable in accordance with Schedule F of the Access Undertaking.
- For FY2020 these have not been included and will be incorporated in the revenue adjustment amounts submission to the QCA in October 2020. The final revenue cap is estimated to be up to $3m

Note: AT = Access Tariff Revenue Adjustment Amount and that negative amounts represents a return to Access Holders.
1. Estimated, excludes cost of capital adjustment and only includes AT2-5 volume related adjustments. This has not been submitted to the QCA
2. FY2017 AT2-4 includes $0.5m return for GAPE, FY2018 includes $0.1m recovery for GAPE, FY2019 includes $0.4m return for GAPE and FY2020 includes ~$1m recovery for GAPE

Reconciliation of billed MAR to reported access revenue

$m	FY2020 Actual	FY2019 Actual	FY2018 Actual
Billed Access Revenue (AT_1 to AT_5) (ex. GAPE)	927	885	940
Approved Adjustments to MAR			
Flood Claim recoveries[1]	-	-	18
Revenue Cap (ex. GAPE and inclusive of capitalised interest)[2]	(13)	44	(22)
UT5 MAR True-up	-	(60)	-
Regulated Access Revenue (ex. GAPE)	**914**	**869**	**936**
Total non-regulated Access Revenue (ex. GAPE)	35	16	38
Total GAPE Revenue (Regulatory + non-regulatory)	182	185	193
Total Access Revenue per Aurizon Statutory Accounts	**1,132**	**1,070**	**1,167**

Note: Access Revenue excludes other revenue which primarily consists of Access Facilitation Charges (AFC) paid by Access Holders to Network and other services revenue. Due to rounding, the sum of components may not equal the corresponding total
1. FY2018 includes amounts of $2.2m approved in respect of the FY2016 event and $16.2m (excluding the GAPE amount of $1.2m) approved for inclusion in the transitional allowance revenue for FY2018 emanating from the FY2017 Cyclone Debbie event
2. FY2020 Revenue Cap includes both the FY2018 and FY2019 net returns to Access Holders.

AURIZON

Regulated Asset Base (RAB)

Network maintains a record of the value of its existing assets for regulatory pricing called the RAB

ROLLFORWARD RAB

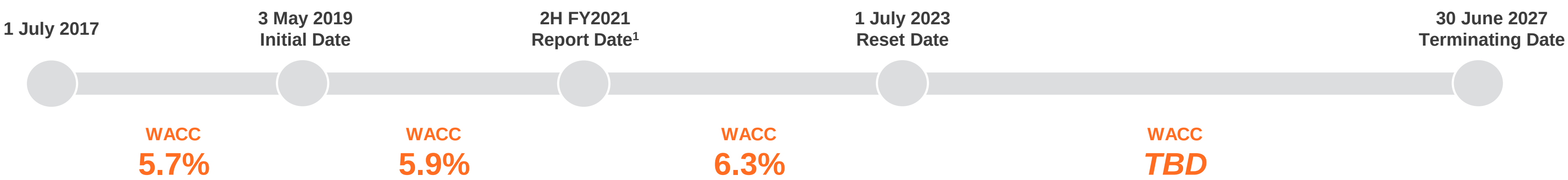
- This represents the value of Network assets for regulatory purposes
- Each year Network rolls forward the RAB adjusting for indexation, depreciation, disposals, transfers and the addition of approved capex
- The FY2019 RAB rollforward was approved by the QCA on 3 July 2020 and will be incorporated into allowable revenues and reference tariffs in FY2022
- The approximate value of the RAB rollforward at 1 July 2020 is $5.5bn. This excludes $0.4bn of Access Facilitation Deeds (AFDs)

PRICING RAB

- This is the RAB value that is used to calculate the return on capital in the undertaking and determine Reference Tariffs for coal carrying Train Services
- The Pricing RAB is the Rollforward RAB less any assets that have been allocated for utilisation by non-coal traffic or deferred as part of a regulatory undertaking and any inflation adjustments
- The approximate value of the Pricing RAB at 1 July 2020 is $5.4bn. This excludes $0.4bn of AFDs

UT5 timeline

INDICATIVE UT5 TIMELINE



Initial Date

- The date on which the DAAU was submitted to QCA for approval

Report Date

Date on which the later of the following events occur:

- Independent Expert provides Initial Capacity Assessment Report (ICAR); and
- Aurizon notifies relevant parties of proposed options to address Existing Capacity Deficits identified in ICAR.
- Where ICAR does not identify any Existing Capacity Deficits the Report Date is the date on which the Independent Expert provides the ICAR

Reset Date

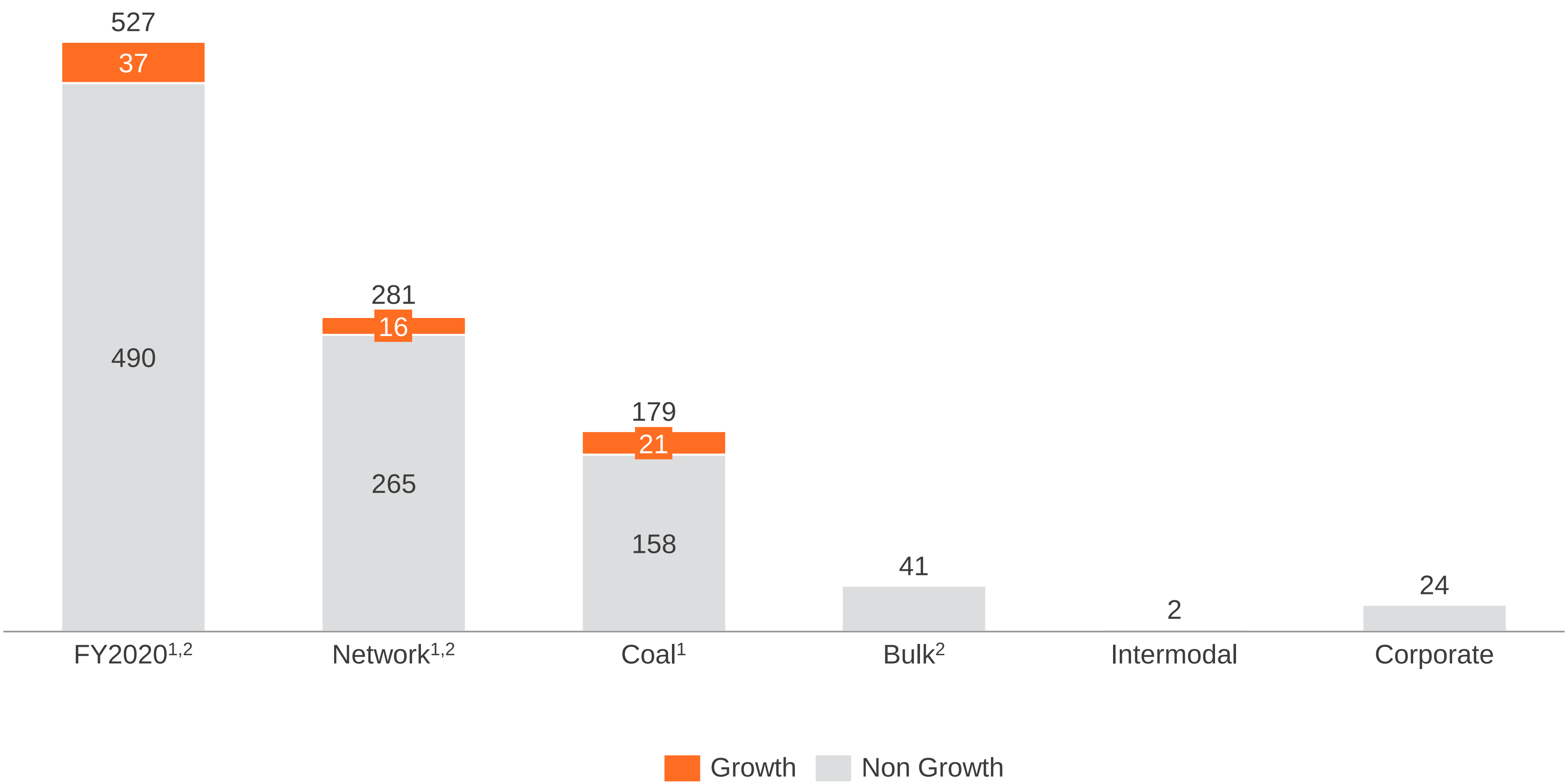
- Reset of risk free rate, debt risk premium and inflation

1. Estimate as at August 2020

Additional information: Capital Expenditure

FY2020 group and business unit capital expenditure ($m)

Capital result in line with guidance for FY2020.



1. Includes capitalised interest
2. Net of externally funded payments

Glossary

Metric	Description
Access Revenue	Amounts received by Aurizon Network for access to the Network infrastructure under all Access Agreements
AFD	Access Facilitation Deed
Average haul length	NTK/Total tonnes
Contract utilisation	Total volumes hauled as a percentage of total volumes contracted
CQCN	Central Queensland Coal Network
dGTK	Diesel fuel used per Gross tonne kilometre. GTK is a unit of measure representing the movement over a distance of one kilometre of one tonne of vehicle and contents including the weight of the locomotive & wagons
ESG	Environment, Social & Governance
Footplate hours	A measure of train crew productivity
Free cash flow (FCF)	Net operating cash flows less net cash flow from investing activities less interest paid
FTE	Full Time Equivalent - The number of unique employee positions filled by all Aurizon employees (excluding contractors/consultants) as at period end. The NTK/Employee metric for the half year is annualised for comparative purposes and uses period-end FTE
FWC	Fair Work Commission
GAPE	Goonyella to Abbot Point Expansion
Gearing	Net debt/(net debt + equity)
Gross Contracted NTKs	Gross contracted tonnages multiplied by the loaded distances (calculated on a contract by contract basis)
GTKs	Gross Tonne Kilometres
Maintenance	Maintenance costs exclude costs associated with traction, telecommunication, ballast and undercutting, rail renewals, flood repairs and derailments
MAR	Maximum Allowable Revenue that Aurizon Network Pty Ltd is entitled to earn from the provision of coal carrying train services in the CQCN
Mtpa	Million tonnes per annum
NTK	Net Tonne Kilometre. NTK is a unit of measure representing the movement over a distance of one kilometre of one tonne of contents excluding the weight of the locomotive and wagons
Operating Ratio	1 – EBIT margin. Operating ratio calculated using underlying revenue which excludes interest income & significant items
Opex	Operating expense including depreciation and amortisation
Payload	The average weight of product hauled on behalf of Aurizon customers per service, calculated as total net tonnes hauled / total number of services
PIA	Protected Industrial Action
QCA	Queensland Competition Authority
ROIC	ROIC is defined as underlying rolling twelve-month EBIT divided by the average invested capital. The average invested capital is calculated as the rolling twelve-month average of net assets (excluding cash, borrowings, tax, derivative financial assets and liabilities)
TCFD	Task Force on Climate related Financial Disclosures
ToP	Take-or-Pay. Contractual ToP provisions entitles Aurizon Network to recoup a portion of any lost revenue resulting from actual tonnages railed being less than the regulatory approved tonnage forecast
Underlying	Underlying earnings is a non-statutory measure and is the primary reporting measure used by Management and the Group's chief operating decision making bodies for the purpose of managing and determining financial performance of the business. Underlying results differ from the Group's statutory results. Underlying adjusts for significant/one-off items
Velocity	The average speed (km/h) of Aurizon train services (excluding yard dwell)
WACC	Weighted average cost of capital
WIRP	Wiggins Island Rail Project


AURIZON®