Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

8 August 2022

Full year results presentation

Attached is Aurizon Holding Limited'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://ccmediaframe.com/?id=TbUUEnzF

Yours faithfully

David Wenck
Company Secretary

Authorised for lodgement by the Aurizon Holdings Limited Board of Directors.

FY2022 Results

8 August 2022

Picture: First One Rail Bulk locomotive with Aurizon livery

AURIZON

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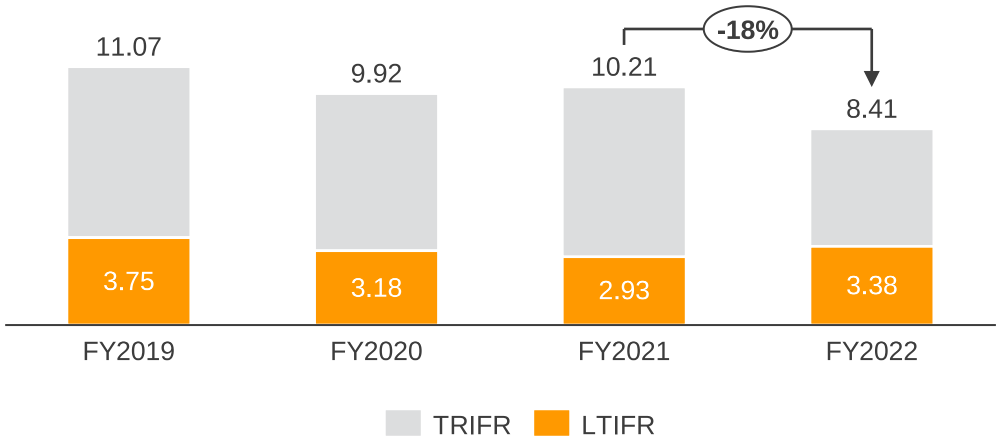
Safety performance

Improvement in TRIFR and Rail Process Safety. Deterioration in LTIFR and flat result in SIFRa+p

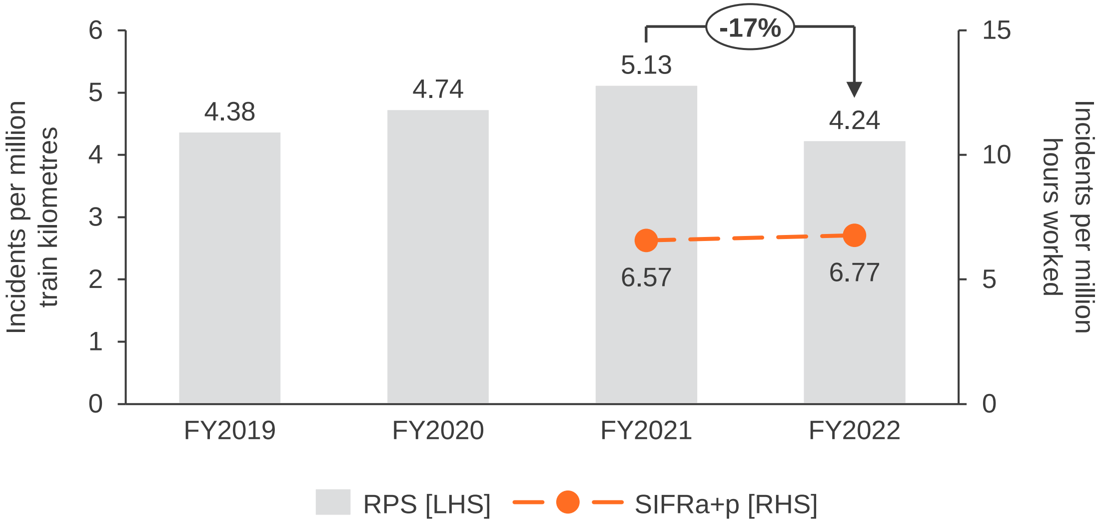
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1] AND LOST TIME INJURY FREQUENCY RATE (LTIFR)

Incidents per million hours worked



- Increase in LTIFR driven by low severity injuries lower body sprains/strains being the most frequent. Localised injury prevention initiatives continue to be implemented

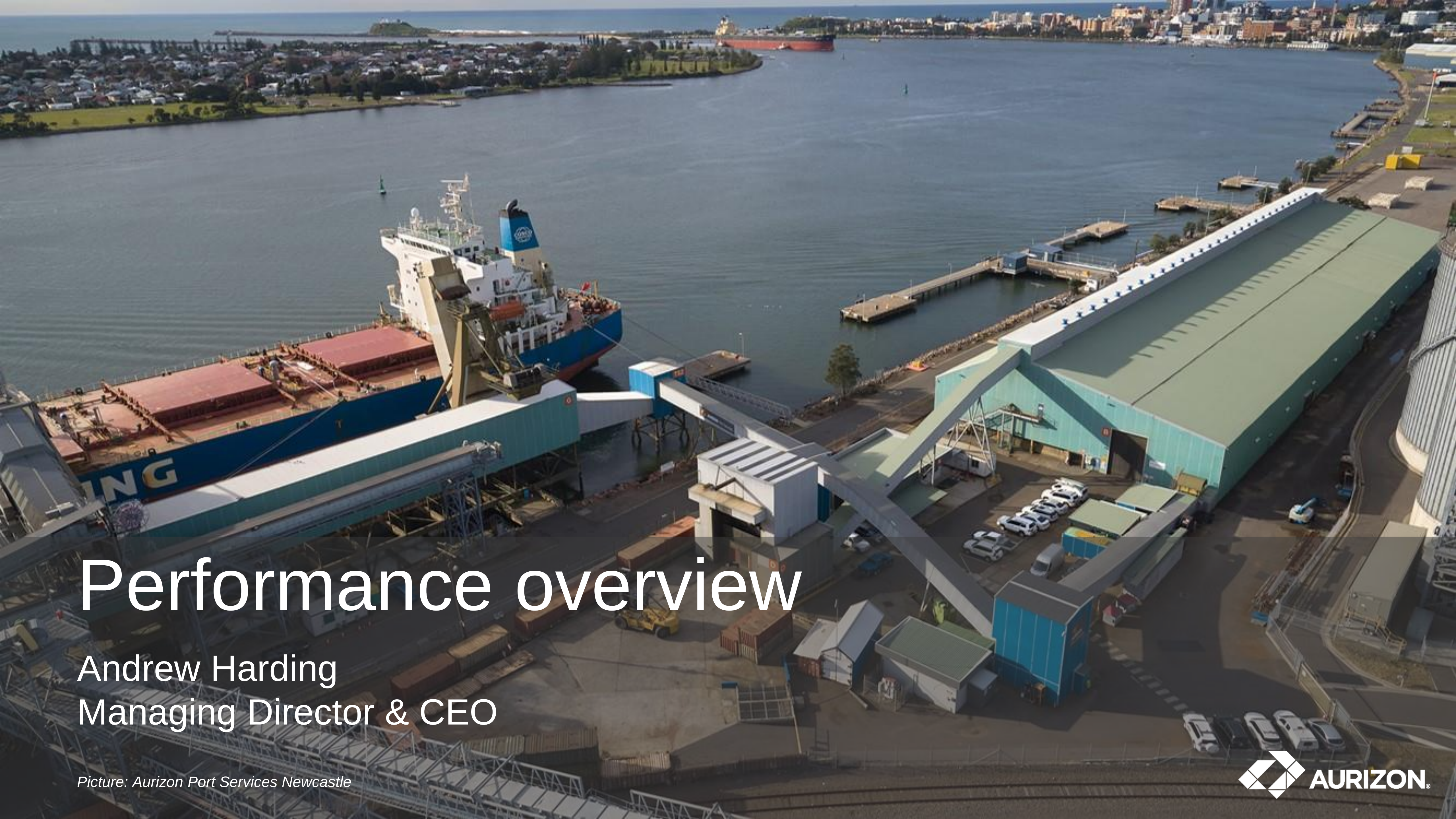
RAIL PROCESS SAFETY (RPS)[2] AND POTENTIAL SERIOUS INJURY AND FATALITY FREQUENCY RATE (SIFRa+p)[3]



- No actual SIF events during the period (only potential)
- Use of technology and people engagement continue improving RPS

COVID: Strict protocols in place since mid-2020 to protect our people. Prevalence in community has flowed through to our employees in the first half of 2022

1. *Total Recordable Injury Frequency Rate (TRIFR) is the number of instances (per million hours worked) of Lost Time Injuries, medical treatment injuries and restricted work Injuries sustained by employees and contractors. LTIFR is the number of instances of Lost Time Injuries (per million hours worked)*
2. *Rail Process Safety (RPS) - Signals Passed at Danger (SPAD), derailments and rollingstock-to-rollingstock collision incident. The result is expressed per million train kilometres*
3. *Potential Serious Injury and Fatality Frequency Rate (SIFRa+p) measures the number of incidents that had the potential to cause, or did cause, serious injury or fatality. The result is expressed per million hours worked. SIFRa+p has been measured since FY2021*



Performance overview

Andrew Harding
Managing Director & CEO

Picture: Aurizon Port Services Newcastle

FY2022 Results[1]

Resilient performance with EBITDA within guidance and free cashflow 13% higher despite lower volumes. Acquisition of One Rail provides platform for future Bulk growth

EBITDA	EARNINGS PER SHARE	ROIC	FREE CASHFLOW
$1,468m down 1%	28.5c flat	10.3% down 0.4ppts	$664m up 13%

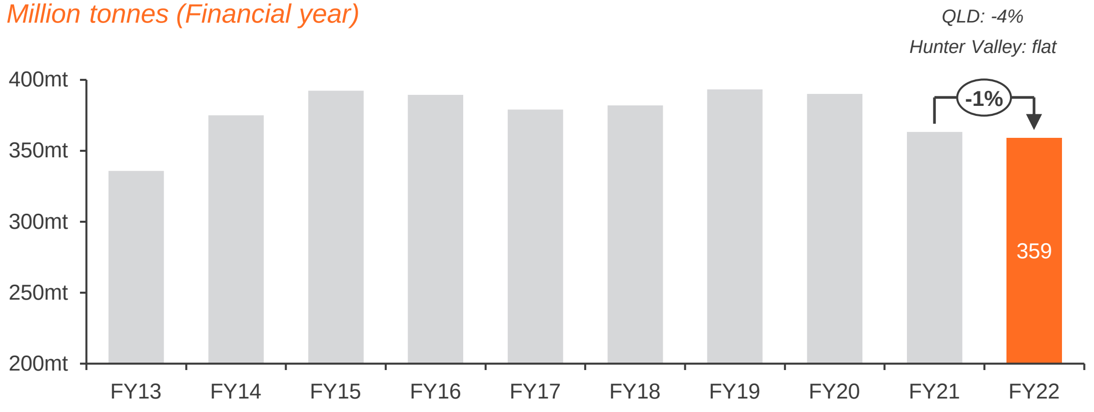
ABOVE RAIL VOLUMES (COAL AND BULK)	BULK: REVENUE SHARE[2] (EXCLUDES NETWORK)	DIVIDEND[3]	ONE RAIL ACQUISITION
244.8m down 3%	34% up 2ppts	Total 21.4cps down 26% Final 10.9 cents down 24%	Completed 29 July 2022

1. *All amounts are underlying and on a continuing basis unless otherwise stated. Comparisons are against FY2021*
2. *Revenue is the sum of the Coal and Bulk business units (excluding track access) and excludes the Network business unit*
3. *Both interim and final dividend represent a payout ratio of 75%. Final dividend: 100% franked, ex dividend: 22 August 2022, record date: 23 August 2022, payment date: 21 September 2022*

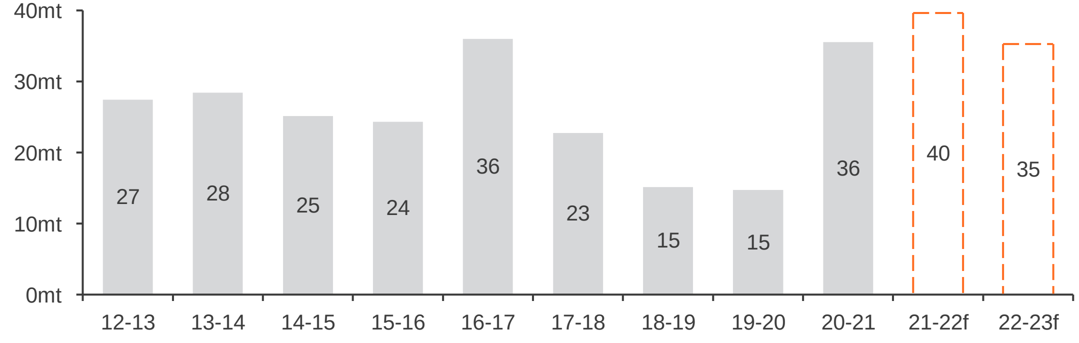
Commodity markets update

Despite record thermal and coking coal prices, Australian coal export volumes were lower in FY2022. Record grain export volume expected for 2021-22 season and elevated export volumes for 2022-23

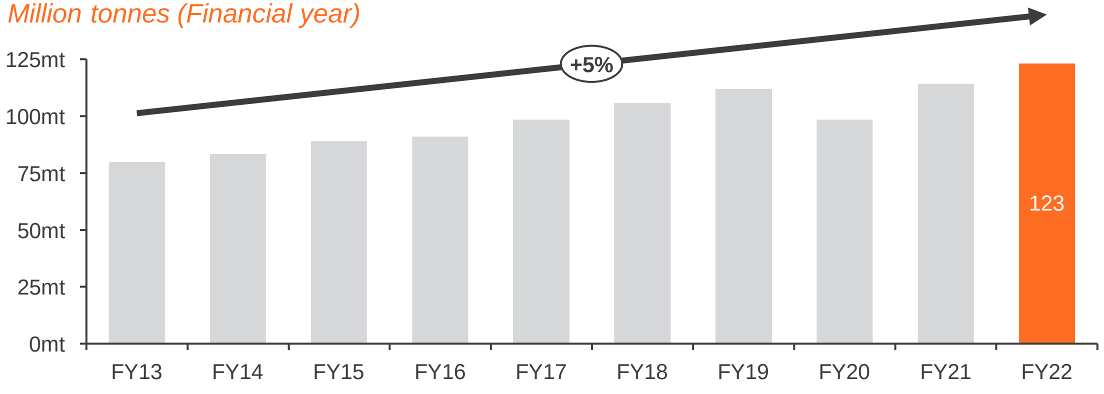
AUSTRALIAN TOTAL COAL EXPORT VOLUME[1]
Million tonnes (Financial year)



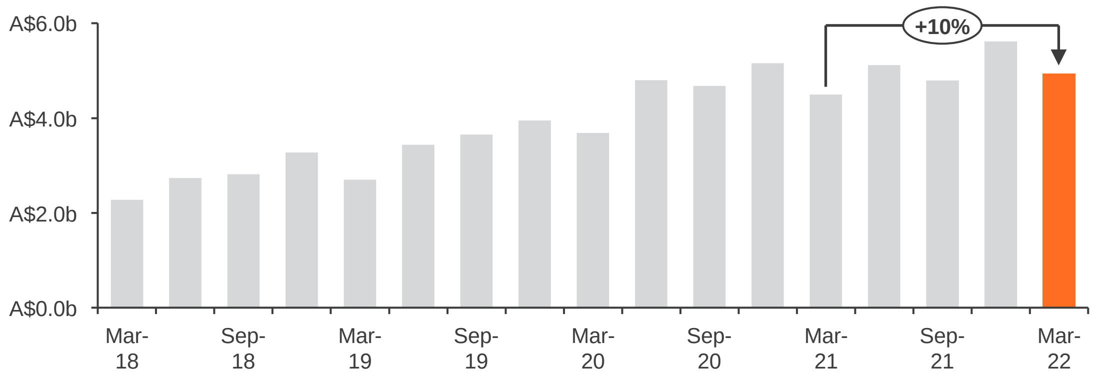
AUSTRALIAN GRAIN EXPORTS[3]
Major crops (By marketing year)



INDIA CRUDE STEEL PRODUCTION[2]
Million tonnes (Financial year)



AUSTRALIAN CAPITAL EXPENDITURE: METAL ORE MINING[4]
By Quarter

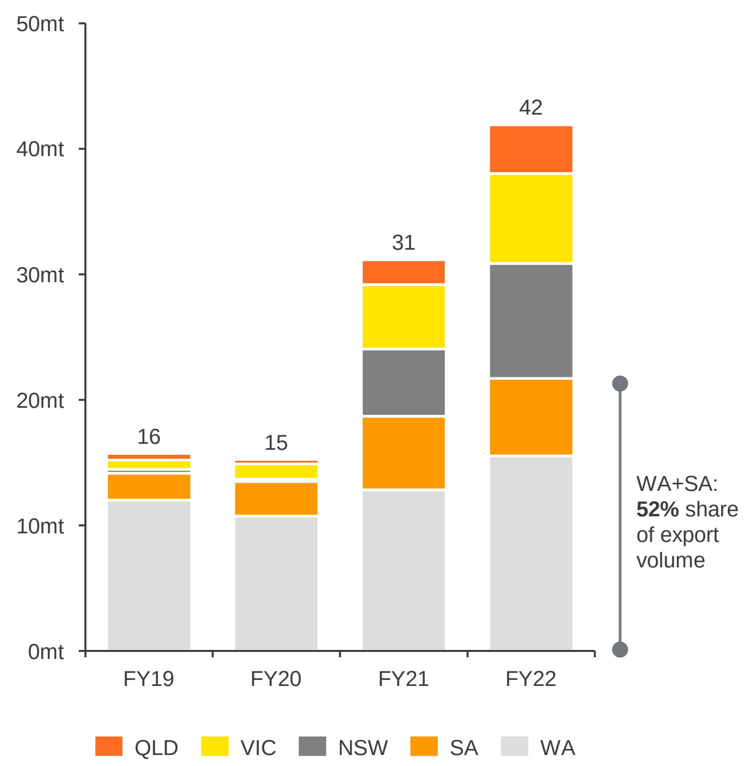


1. Australia: Australian Bureau of Statistics. QLD/Hunter Valley: Port/terminal reporting. 2. World Steel Association. 3. ABARES: Agricultural Commodities (June quarter 2022), Australian Crop Report data (June 2022). Marketing year (Wheat: Oct-Sep, Barley & Canola: Nov-Oct). 4. Australian Bureau of Statistics. Metal ore mining commodities includes: iron ore, bauxite, copper, gold, mineral sands, nickel, silver-lead-zinc and other metal ores

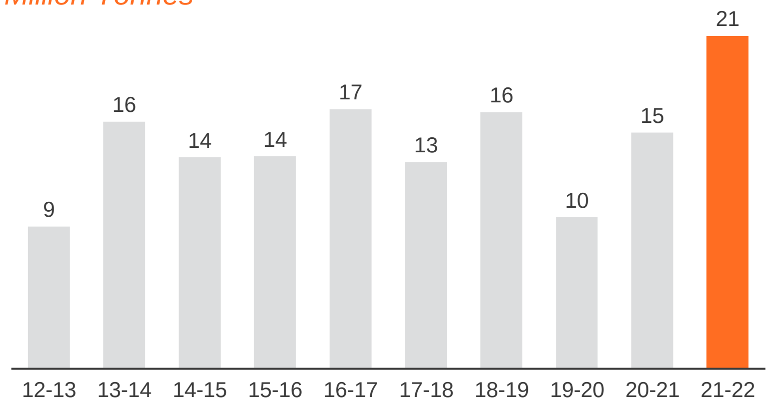
Increased grain haulage

The record size of the 2021-22 CBH grain harvest means that rail haulage from the season will continue into FY2023

AUSTRALIA: SELECTED GRAIN EXPORT VOLUME[1]
Million Tonnes



CBH: HARVEST VOLUME[2]
Million Tonnes



Historically, ~8mtpa has been transported by rail[3]

6mt hauled by Aurizon in the nine months to June

Harvest will continue to be railed into FY2023

870kt railed in July 2022

- Record CBH harvest with 21 million tonnes received
- Strategy to increase harvest transported by rail
- Grain share of Aurizon portfolio increasing with the acquisition of One Rail (South Australia exposure)
- Most stable grain markets historically are Western Australia and South Australia
- Aurizon has assets in Queensland and New South Wales (some converted from coal fleet) to capture haulage opportunities

1. *Australian Bureau of Statistics. Selected grain: Wheat, barley, canola, chickpeas and grain sorghum, which represent ~95% of total Australian grain export volume*
2. *Source: Co-operative Bulk Handling (Annual Reports 2013-2021, Media release - 2 February 2022). The harvest usually starts in October and generally finishes in December.*
3. *Average FY16-FY20 (Source: CBH)*

Business Unit highlights

COAL

Moderate EBITDA growth despite 4% reduction in volumes due to improved revenue quality and cost management. Volumes expected to increase in FY2023, however EBITDA lower due to yield reduction

- Traincrew and maintenance costs benefitted from reduced volumes and transformation activities
- Secured long-term haulage agreement with Pembroke Resources for greenfield Olive Downs met coal mine
- 5-year contract extension with Baralaba Coal for thermal coal mine in Moura system
- New contract with Stanmore for continued haulage of BMC tonnes
- New Acland (New Hope) and Moolarben (Yancoal) contracts ended December 2021

BULK

EBITDA impacted by lower iron ore volumes and ~$10m for weather, higher fuel prices, a planned shutdown for a major customer and start up costs for new services. EBITDA growth expected to return in FY2023 in addition to the impact from the integration of One Rail Bulk

- Commencement of CBH Grain contract in WA in October 2021
- Commencement of Tronox contract in January 2022
- Additional freighter capacity added on Mount Isa line during FY2022

NETWORK

Reduced earnings due to lower GAPE revenue (including tariff re-set) and lower WIRP fees when compared to prior year

- All disputes settled with WIRP customers with $47m recognised including $30m relating to FY2016-FY2021 ($60m recognised in FY2021)
- Capacity assessment capex to be determined in FY2023 –capex expected to be <$100m[1]
- Preliminary WACC re-set values to apply from FY2024 – submission of 8.18% provided to QCA[2]

Aurizon train at Gowrie Junction crossing Qld

First Tronox service passing Wallaroo, South Australia. Photo taken by Aurizon locomotive driver Blake Jones

Aurizon coal train on the CQCN

1. *On 17 June 2022, the IE made a recommendation to the QCA on which of the Transitional Arrangements identified in Network's Detailed Report would most effectively and efficiently resolve the deficits identified in the ICAR, following which the QCA will make a decision. The QCA is yet to make a determination on the Independent Expert's recommendation.*
2. *See slide 69 for additional detail*

Other matters

ATO DECLARATORY RELIEF PROCEEDINGS

- Prior to 2010 IPO: Queensland Government made an equity contribution to Aurizon of $4.4 billion. Over the last two years, Aurizon has engaged with the Australian Taxation Office (ATO) in relation to the technical tax treatment of the State’s capital contribution
- November 2020: Aurizon commenced proceedings in the Federal Court seeking a declaration from the Court that the Capital Distribution account is share capital for the purposes of tax law
- **April 2022: Federal Court decision that declared Aurizon's capital distribution account should be treated as share capital. The decision was not appealed by the ATO.**

WIGGINS ISLAND RAIL PROJECT (WIRP)

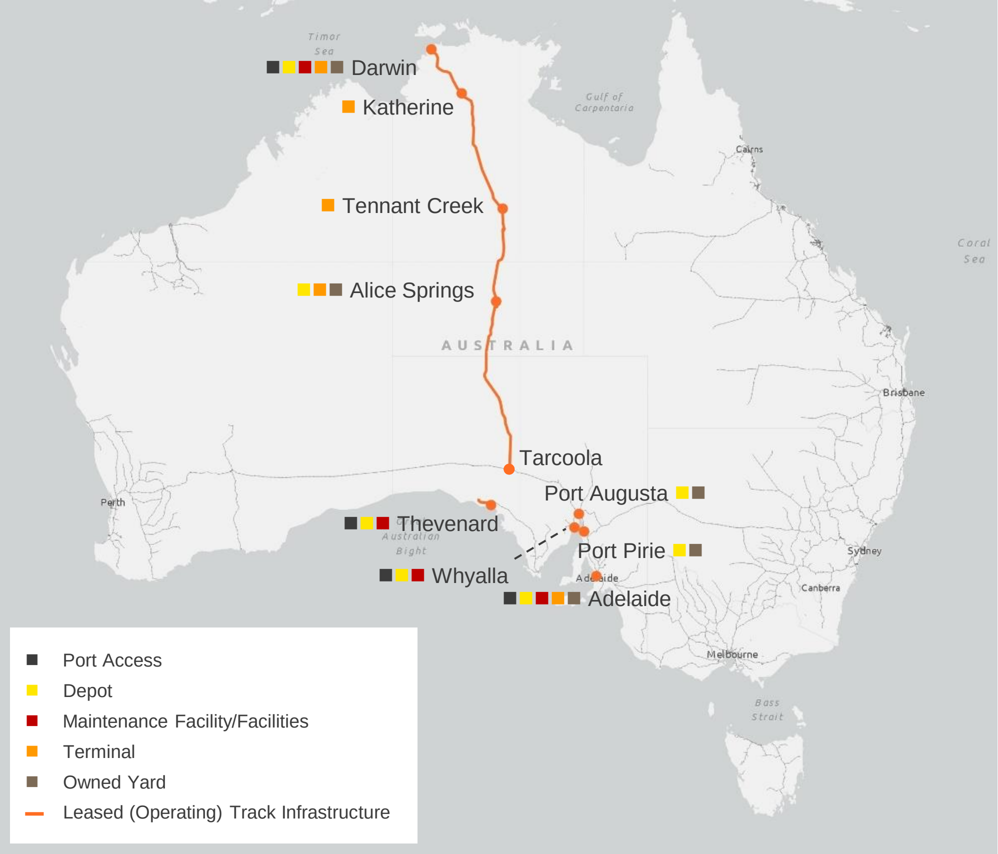
- Earlier Court of Appeal decision confirmed that ongoing WIRP fees are payable until August 2035, and WIRP fees have been billed to WIRP Customers accordingly
- 18 December 2020: Aurizon commenced proceedings in the Supreme Court of Queensland to appeal the Expert's Determination. The Determination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

LEGAL PROCEEDINGS AGAINST G&W

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

One Rail acquisition completed

Acquisition fundamentals remain despite increased funding costs. Bulk has a near-term target of ~$100mpa[1] EBITDA to subsequently build upon



Highlights

- Increases Bulk's share of revenue[2] +8 points to ~42%
- Increased exposure to commodities associated with new economy markets
- IRR exceeds implied returns from share buyback[3]
- Projected to be EPS accretive by ~10% compared to status quo[4]

Divestment of *East Coast Rail* through a demerger or a trade sale, whichever creates greater shareholder value

Transaction does not impact legal proceedings against G&W – they remain on foot

1. Based on Aurizon FY2022 results plus first 12-month contribution of One Rail Bulk following on from Aurizon ownership. Targets are not based on historical facts, but rather on current beliefs, assumptions, expectations, estimates and projections. These statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, including weather. Many of these risks are beyond Aurizon's control. As a result, actual results or developments may differ materially from those expressed in this document. 2. Based on FY2022 and using (unaudited) One Rail Bulk revenue for the 12-months to June 2022. Revenue is the sum of the Coal and Bulk business units (excluding track access) and One Rail Bulk (which includes South Australia/Northern Territory Infrastructure) and excludes Network (Central Queensland Coal Network).3.Unlevered pre-tax return calculated using 20 years of forecast data from first year of acquisition and assuming demerger option (trade sale option IRR would depend on sale/use proceeds). Share buyback refers to the completed FY2021 buy-back. 4. Under a demerger option and represents the average over the first four years and refers to the current Aurizon shareholders and therefore includes potential East Coast Rail earnings. EPS accretion under a trade sale option would depend on the amount and use of sale proceeds

Financial Performance

George Lippiatt
CFO & Group Executive Strategy

Picture: Cloncurry, Qld

AURIZON

Key financial results[1]

EBITDA within guidance, EPS in-line with prior year and free cashflow 13% up despite lower volumes. Dividend payout ratio lowered to 75% to support One Rail acquisition and credit rating

$m	FY2022	FY2021	Variance
Revenue	3,075	3,019	2%
Operating Costs	(1,608)	(1,537)	(5%)
EBITDA	1,468	1,482	(1%)
Statutory EBITDA	1,453	1,490	(2%)
Depreciation & Amortisation	(592)	(579)	(2%)
EBIT	875	903	(3%)
NPAT	525	533	(2%)
Statutory NPAT[2]	513	607	(15%)
EPS	28.5c	28.5c	-
Statutory EPS	27.9c	32.5c	(13%)
EBITDA Margin	47.7%	49.1%	(1.4ppt)
ROIC	10.3%	10.7%	(0.4ppt)
Total dividend per share	21.4	28.8c	(26%)
Free Cash Flow	664	589	13%

- Group revenue uplift driven by new Bulk contracts and CPI favourably impacting contract rates
- Operating cost increase also reflects Bulk revenue growth with additional traincrew, consumables and start up costs for new hauls
- Higher fuel and energy prices impacted revenue and operating costs (due to pass through mechanisms)
- Statutory adjustments are transaction costs for One Rail
- EPS flat with reduced share count offsetting marginal decline in NPAT
- Final dividend based on 75% of underlying NPAT
- Free cash flow growth of 13% with lower cash taxes, driven by the tax benefit from the sale of Aquila in the prior year

1. All amounts are underlying and on a continuing basis unless otherwise stated. Due to rounding, the sum of components may not equal the corresponding total.
2. Statutory NPAT in FY2021 included the net benefit after income tax of $74m arising from the sale of shares in Aquila. Statutory NPAT in FY2022 includes after-tax transaction costs of $12m relating to the acquisition of One Rail Australia

Coal

Earnings higher despite lower volumes with improved revenue quality and cost management

$m	FY2022	FY2021	Variance
Above rail[1]	1,195	1,180	1%
Track access[1]	360	429	(16%)
Other	5	3	67%
Total Revenue	**1,560**	**1,612**	**(3%)**
Access costs	(376)	(451)	17%
Operating costs	(642)	(628)	(2%)
EBITDA	**541**	**533**	**2%**
Depreciation & Amortisation	(209)	(209)	0%
EBIT	**333**	**325**	**2%**
Tonnes (m)	*194.0*	*202.1*	*(4%)*
NTKs (b)	*45.2*	*47.1*	*(4%)*

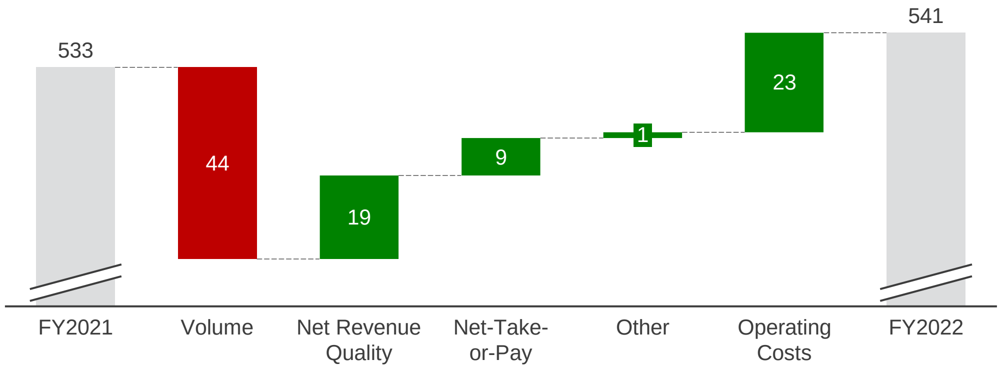
Revenue

- Volumes lower due to contract cessations (Moolarben and New Acland in Dec 2021), adverse weather and customer specific maintenance & production issues including COVID-related impacts
- Above rail revenue higher due to customer mix and increased CPI favourably impacting contract rates
- Net take-or-pay relates to non-recurrence of prior year impact

Costs

- Traincrew and maintenance costs reduced with lower volumes (including contract cessations), in addition to benefits from transformation programs

EBITDA PERFORMANCE[2] ($M)



Due to rounding, the sum of components may not equal the corresponding total
1. $16.3m has been reclassified from track access revenue to above rail revenue for FY2021 for consistency with current year presentation
2. Net Revenue quality is net of fuel expense and access costs which have also been excluded from operating costs

Bulk

Results impacted by lower iron ore volumes and ~$10m of one-off impacts, partly offset by growth from new contracts

$m	FY2022	FY2021	Variance
Revenue	**691**	**635**	**9%**
Access costs	(80)	(85)	6%
Operating costs	(481)	(410)	(17%)
EBITDA	**130**	**140**	**(7%)**
Depreciation & Amortisation	(37)	(28)	(32%)
EBIT	**93**	**112**	**(17%)**
Above Rail Tonnes (m)	*50.8*	*51.1*	*(1%)*

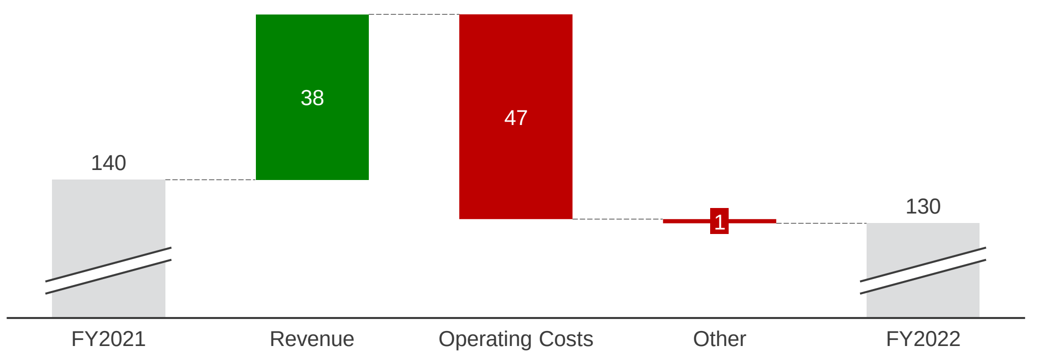
Revenue

- Commencement of the CBH and Tronox contracts part way through the year
- Includes the impact of lower iron ore volumes, the loss of the Queensland livestock contract and a major customer's maintenance shutdown
- Increased CPI favourably impacted contract rates

Costs

- Higher operating costs reflecting new contracts commencing
- Costs also include impact from weather and higher fuel prices

EBITDA PERFORMANCE[1] ($M)



Due to rounding, the sum of components may not equal the corresponding total
1. Revenue and operating costs as shown on the bridge is net of fuel price movement and access

Network

Reduced earnings due to lower WIRP historical revenue and the reset of the GAPE risk free rate

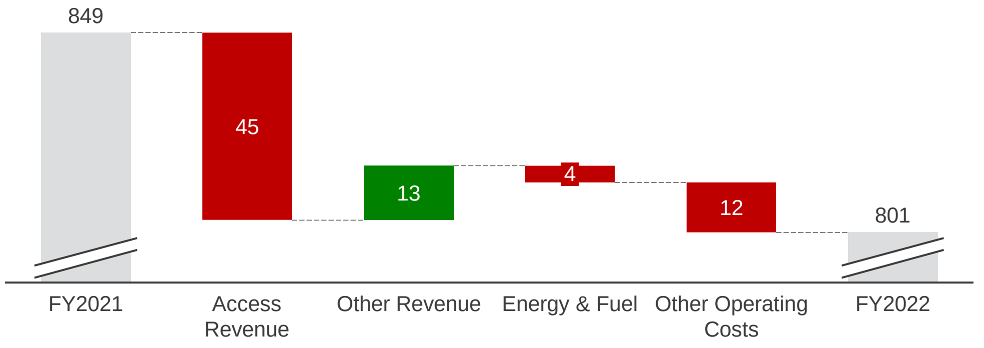
$m	FY2022	FY2021	Variance
Track Access	1,134	1,179	(4%)
Services & Other	59	46	29%
Revenue	**1,193**	**1,225**	**(3%)**
Energy & Fuel	(107)	(104)	(3%)
Other Operating Costs	(284)	(272)	(4%)
EBITDA	**801**	**849**	**(6%)**
Depreciation & Amortisation	(345)	(340)	(1%)
EBIT	**456**	**509**	**(10%)**
Tonnes (m)	*206.5*	*208.3*	*(1%)*

Revenue

- All WIRP fee disputes now settled with $47m recognised this year (including $30m of historical fees) compared to $60m in prior year (including $49m of historical fees)
- GAPE revenue reduction of $20m including the impact from reset of risk free rate in June 2021 (different reset period compared to CQCN regulatory WACC)
- Services and other revenue higher due to higher construction activity

Costs

- Operating costs increased due to higher maintenance costs, higher construction costs (offset in other revenue) partially offset by a reduction in Project costs

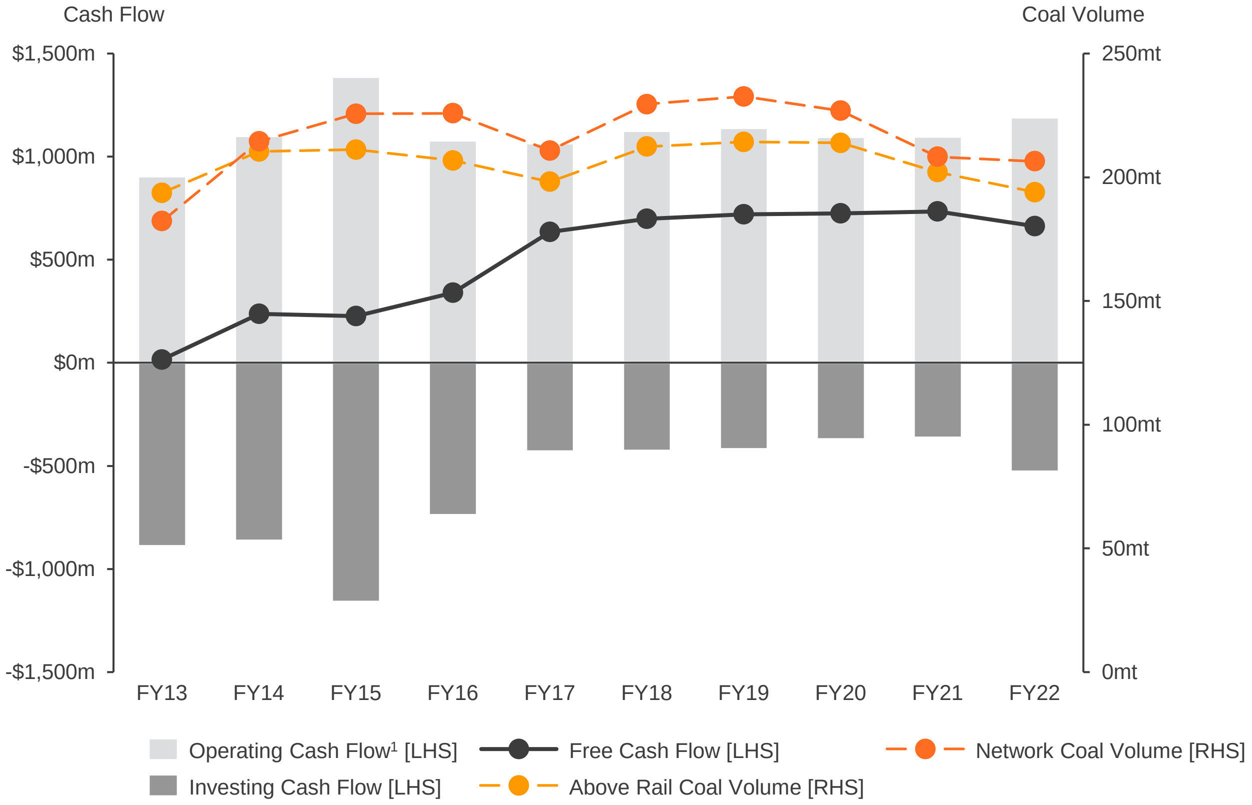


Due to rounding, the sum of components may not equal the corresponding total

Free Cash Flow and capex

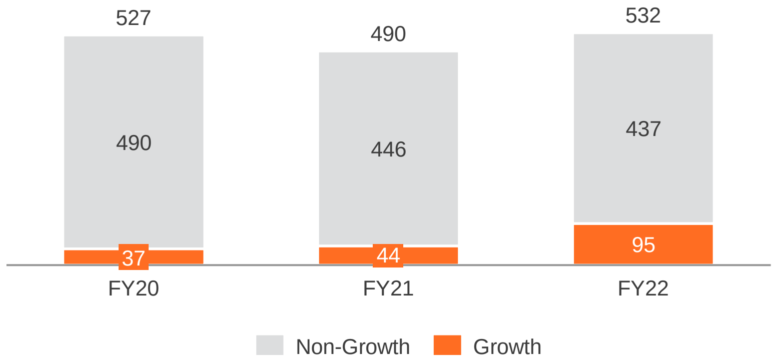
Strong and stable free cash flow despite lower volumes

FREE CASH FLOW ($M) | COAL VOLUME
includes discontinued operations



- Capital expenditure for FY2022 below guidance
- Non-growth capital expenditure guidance[2] for FY2023 is $500-$550m including One Rail Bulk
- FY2023 growth capex dependant on Bulk contracting outcomes
- Long-term stay-in-business (non-growth) capital expectations now ~$500-$550m per year (with the inclusion of One Rail)

CAPITAL EXPENDITURE[2] ($M)



1. Operating cash flow also includes interest payments
2. Capital expenditure excludes any M&A activity

Funding update

Credit profile improved with ratings agencies lowering thresholds post One Rail announcement. Debt markets supportive with successful syndication commitments

FY2022 FUNDING ACTIVITY

Aurizon Network and Operations

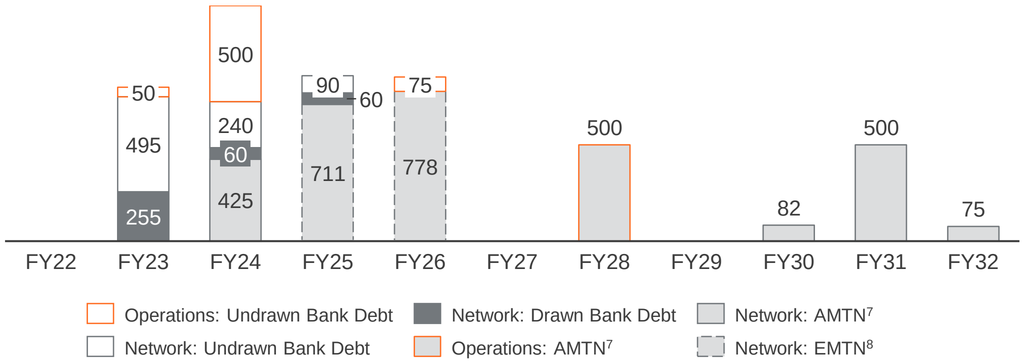
- During FY2022 there were no adjustments to the funding mix for the Aurizon Group
- Long term strategy remains to term out debt post One Rail funding requirements

One Rail acquisition – funds drawn 29 July 2022

- $500m in bank debt for East Coast Rail
- Balance of purchase price drawn from new and existing facilities for Aurizon Group
- Aurizon Operations current BBB+/Baa1 credit ratings confirmed by Moody's and S&P with improved thresholds

KEY DEBT METRICS[1]	FY2022	FY2021
Weighted average maturity[2]	3.4 years	4.4 years
Group interest cost on drawn debt	3.4%	4.1%
Group Gearing[3]	40.9%	45.6%
Network Gearing[4] (excl AFD[5])	53.7%	60.8%
Operations & Network Credit Ratings	BBB+/Baa1[6]	BBB+/Baa1[6]

DEBT MATURITY PROFILE AS AT 30 JUNE 2022[1] ($M)



1. Excludes impact of One Rail acquisition
2. Calculated on drawn debt, excluding working capital facility
3. Group Gearing – net debt / (net debt plus equity)
4. Network Gearing - net debt / Regulatory Asset Base (RAB)
5. Access Facilitation Deed (AFD)
6. S&P/Moody's
7. Australian Dollar Medium Term Note (AMTN)
8. Euro Medium Term Note (EMTN)

Market Developments

Aurizon has protections from increasing inflation and interest rates with revenue escalation mechanisms and Network hedging in FY2023

Inflation

June 2022 CPI[1]: +6.1%

Coal | Bulk (including One Rail)

- Revenue protection through CPI-linked rate escalations in almost all Above Rail contracts
- Risk of wage escalation rates in future Enterprise Agreements

Network

- True-up mechanisms for Network where actual inflation differs from what was projected in UT5 agreement to apply from 1 July 2023[2]
- Updated forecast inflation to impact forward RAB values and reduces regulatory depreciation from 1 July 2023

Interest Rates:

4-year Risk Free Rate: 3.47%, +1.57ppts since start of UT5

Group Funding

- One Rail acquisition debt costs increased with initial funding via bank debt – to be termed out over time

Network

- Debt mostly fixed (~70%) in FY2023, with floating rate debt from FY2024 to match WACC re-set revenue profile
- Current WACC (6.3%) to be re-set in June 2023
- Preliminary reset WACC estimate (based on June 2022 values) is 8.18%[3]

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

	QCA 2018 Decision	Preliminary Reset	Change
WACC	**6.30%[4]** *to 30 June 2023*	**8.18%** *From 1 July 2023*	**+1.88ppts**
Debt Risk Premium	*2.04%*	*2.60%*	*+0.31ppts* *+0.56% x 0.55 leverage*
Risk Free Rate	*1.90%*	*3.47%*	*+1.57ppts*

1. *Consumer Price Index, Australia (all groups), annual change, ABS*
2. *Network's opening FY2024 RAB will be adjusted to account for any differential between actual inflation over the period FY2018 – FY2023 and the UT5 estimate of 2.37% per annum. Network's non-electric regulatory operating cost allowance will be adjusted to the extent that inflation exceeds the UT5 estimate of 2.37% in any year. This adjustment will be captured in tariffs via the revenue adjustment amounts mechanism, two years later. Maintenance and renewals budgets are set in nominal dollars.*
3. *Assumes rebate effectiveness mechanism is not applied (refer slide 74 for detail)*
4. *Refer to slide 69 for additional detail*

One Rail transaction update

Post completion, focus turns to Bulk integration and divestment of East Coast Rail

1 Completion

- Acquisition completed 29 July 2022
- Integration of Bulk business underway
- East Coast Rail to be held separately under enforceable undertaking pending divestment

2 Funding

- Bank debt drawn at both Aurizon and East Coast Rail to fund completion
- BBB- rating confirmed by S&P for East Coast Rail
- Aurizon Operations debt to be termed out including potential hybrid issuance in 2023

3 Transaction costs

- Acquisition costs (including stamp duty) to be expensed and treated as significant items (~$50m, with $14m incurred in FY2022)
- Borrowing costs for acquisition funding to be capitalised and amortised (~$25m)
- Estimated separation and divestment costs (assuming demerger) e.g. IT separation, recruitment, listing fees, expert reports and advisors (~$25m)

4 Divestment of East Coast Rail

- Dual track demerger and trade sale process underway
- Demerger – independent experts preparing relevant reports, well progressed with appointing Board and Management team
- Trade sale – engagement with ~10 potential acquirers including signing confidentiality agreements and receiving non-binding bids in September 2022
- Decision expected to be made on trade sale or demerger in Q2 FY2023

1. *As at publication date*

East Coast Rail

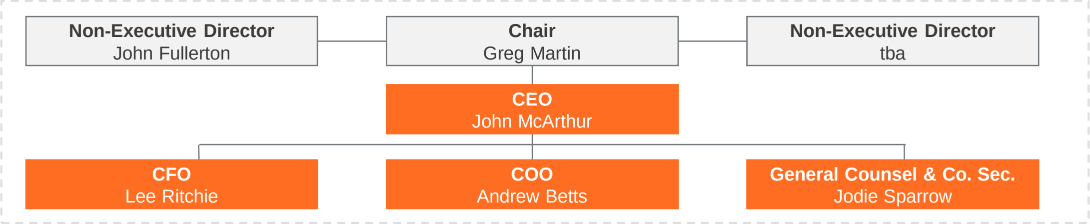
Progress made operationally and structurally in advance of divestment

OPERATIONAL UPDATE

- Second consist operating in Queensland since June
- Contract rates updated from 1 July to reflect ~4% escalation
- Hunter Valley network impacted by weather in July 2022

BUSINESS UPDATE

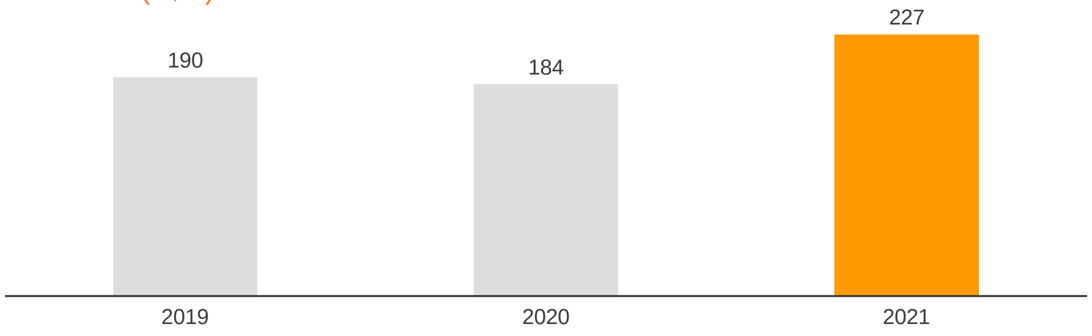
- Secured stand alone insurance policies from 1 August
- Management and Board appointments continue with Independent Chair and non-executive directors appointed as well as senior management



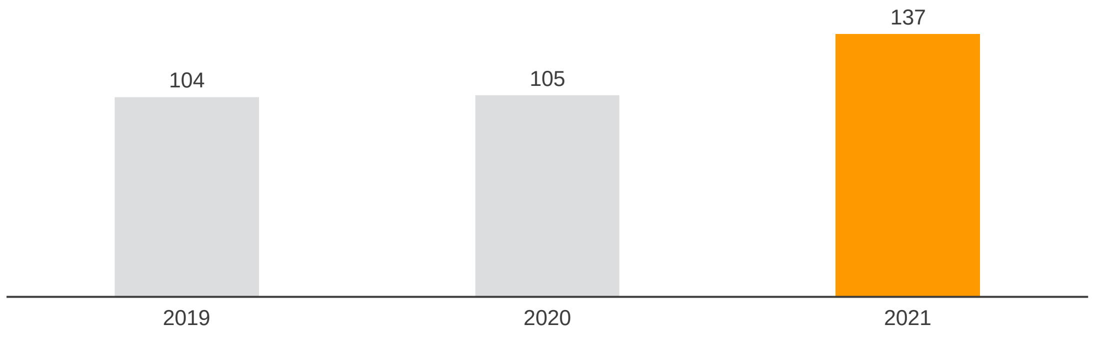
CAPITAL STRUCTURE

- BBB- rating from S&P
- All debt amortising with proposed USPP to term out bank debt
- $15m annual working capital facility available

REVENUE (A$m)[1]



UNDERLYING EBITDA (A$m)[1]



No dividend will be paid from ECR during Aurizon's ownership. At a constant enterprise value, cash generated will reduce ECR's net debt and therefore improve the equity value on divestment

1. *Figures are pro forma and unaudited. Refer to disclaimer on slide 2 under the heading 'Information on One Rail and East Coast Rail'*

Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO

Picture: Tronox service NSW

AURIZON

FY2023 outlook

EBITDA guidance of $1,470m - $1,550m including One Rail Bulk

FY2023 (including 11 months contribution from One Rail Bulk):

- Group underlying **EBITDA** guidance $1,470m – $1,550m (includes impact from wet weather in July)
- Group non-growth **capex** guidance $500m - $550m with growth capex expectations dependent on contracting outcomes

Key assumptions

- **Coal:** volume expected to increase but EBITDA to be lower due to revenue yield reduction
- **Bulk:** revenue and EBITDA growth from increased volumes and services and inclusion of One Rail Bulk
- **Network:** flat EBITDA assuming volumes align to regulatory forecast, with higher FY2023 MAR offset by non-recurrence of historical WIRP fees
- No material disruptions to commodity supply chains (such as extreme or prolonged wet weather and/or significant impacts from COVID-19 related disruptions)

Aurizon Group guidance excludes East Coast Rail

Aurizon's value creation record

Cashflows remain stable and the focus on transformation continues

HIGHLIGHTS

- ✓ Negotiated and executed UT5
- ✓ De-risked the Coal contract book
- ✓ Executed Bulk turnaround and delivered growth
- ✓ Strong shareholder distributions of over $4.8b[1] in the past seven years
- ✓ One Rail acquisition providing platform for Bulk growth
- ✓ All WIRP disputes resolved
- ✓ Published the *Climate Strategy and Action Plan*
- ✓ Established Aurizon Port Services

1. *Dividends and buy-backs*

Q&A

GWU 015
AURIZON
Mortimer B Fuller III
Motive Power Centre
AURIZON

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Additional Information: ESG

Aurizon Port Services Townsville

Our Environmental, Social and Governance (ESG) contribution

Aurizon continues to build a stronger and sustainable business

NET-ZERO COMMITMENT BY 2050…

- Climate Strategy and Action Plan released in October 2020
- Continued advocacy for rail in the transition to a low-carbon economy
- Minimising emissions:
  - Reducing locomotive diesel and coal dust emissions
  - Trialling low-emissions fleet technology
- Avoiding or offsetting impacts on native biodiversity

…WHILE WE SUPPORT OUR REGIONS AND COMMUNITIES…

- Updated safety strategy
- Gender Balance Action Plan to increase proportion of women in our workforce
- Third Reconciliation Action Plan published in March 2022
- Over 500 initiatives supported through Community Giving Fund
- Founding member of Regional Australia Council 2031
- Partnerships: Queensland Firebirds, Orange Sky, CareerTrackers and Clontarf Foundation

…AND LEAD THROUGH TRANSPARENT GOVERNANCE

- Board provides sustainability oversight and direction
- Code of Conduct linked to our values: Safety, People, Integrity, Customer and Excellence
- Scenario analysis considers climate-related transition risks
- Second Modern Slavery Statement published in 2021

Sustainability disclosures

- Eighth annual Sustainability Report released in October 2021
- Received highest rating for ESG reporting by ACSI for eighth consecutive year[1]
- Reported against TCFD[2] since 2017

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

Climate Strategy and Action Plan

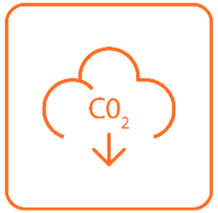
Aurizon is committed to a long-term target of net-zero operational emissions (scope 1 and 2) by 2050

Net-zero operational emissions by 2050

Manage Risk and Build Resilience

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

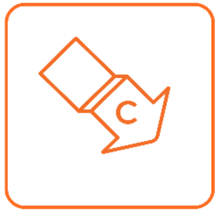
- Continuing to use scenario analysis to consider transition risks over short, medium and long-term time horizons
- Continuing to enhance our capability to assess physical risk to key assets and operations
- Embedding consideration of climate-related risk into risk frameworks and investment standards



Deliver Decarbonisation

Achieving our operational decarbonisation goals will be driven by:

- Achieving a short-term target to reduce greenhouse gas emissions intensity by 10% by 2030[1]
- Establishing the $50m *Future Fleet Fund*[2]
- Implementing our *Tracking Towards Net-Zero Operational Emissions* initiatives
- Establishing partnerships and forums for customer and industry collaboration
- Continuing advocacy for the significant role that rail contributes in the transition to a low-carbon economy



Create Carbon Abatement Opportunities

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

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

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

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

Australian Export Demand – Commodities

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

COAL

- **Metallurgical coal** (or coking coal) is primarily used to produce steel, an integral link with economic development
- Australia exported 162mt of metallurgical coal in FY2022, down 5% against the prior year[1]. India remained Australia's largest metallurgical coal export market with export volume of 49mt (30% share)[1]
- India produced a record 123mt[2] of crude steel in the 12 months to June 2022, an increase of 8% from the prior year
- The *Office of the Chief Economist* projects crude steel production growth in India of 5.2% per annum from 2021 reaching 160mt in 2027[3]
- India coking coal import dependence was 92% for FY2021[4]
- **Thermal coal** is primarily used as a heat source for energy generation, holding a 35% share of global generation in 2020[5]. 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[6]
- Australia exported 197mt of thermal coal in FY2022, up 2% against the prior year[1]. Almost all Australian thermal coal export volume is destined for Asia (FY2022: 96%)[1]

BULK

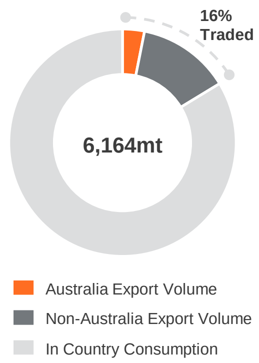
- **New economy markets:** The International Energy Agency forecast that by 2040, total mineral demand from clean energy technologies will double in the Stated Policies Scenario, and quadruple in the Sustainable Development Scenario from current demand (2020)[7]. Australia is well positioned to supply this emerging mineral demand, ranking in the top three countries globally for the largest ore reserves in copper, nickel, cobalt, and lithium[8]. The *Office of the Chief Economist* projects Australian production of lithium, nickel and copper to grow annually by 21%, 6% and 2% respectively between 2021 and 2027[3].
- **Infrastructure development:** Iron ore is a bulk commodity that is key to the production of steel. Steel is largely used within the construction, machinery and automotive sectors, but also plays a critical role in clean energy technology. Australia is the largest exporter of iron ore[3] and is also the lowest cost (on average) export nation on a delivered basis to China[9]. The *Office of the Chief Economist* projects Australian production of iron ore to grow annually by 3% between 2021 and 2027[3].
- **Food consumption:** Growth in global population drives demand for food (and agricultural-related products such as fertilisers). The United Nations forecasts global population to increase by 2 billion persons in the next 30 years, from 7.7 billion in 2020 to 9.7 billion in 2050[10]. In addition, food consumption per capita is expected to increase significantly with rising wealth in developing countries leading to higher calorie-intensive diets.

1. *Australian Bureau of Statistics*
2. *World Steel Association*
3. *Office of Chief Economist, Resources and Energy Quarterly (March 2022)*
4. *India Ministry of Coal, Coal Directory of India Coal Statistics (2020-21). India financial year (April to March). Domestic washed coal (only) included in calculation*
5. *International Energy Agency, World Energy Outlook (2021)*
6. *World Coal Association, Basic Coal Facts*
7. *Mineral demand from clean energy technologies: International Energy Agency, The role of critical minerals in clean energy transition (May 2021). Key minerals included: cobalt, copper, lithium, nickel, and rare earth elements.*
8. *Geoscience Australia, Australia's Identified Mineral Resources 2020*
9. *Minerals Council of Australia (Australian Iron Ore: Where Quality Meets Opportunity, February 2021)*
10. *United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanisation Prospects: The 2018 Revision, Online Edition.*

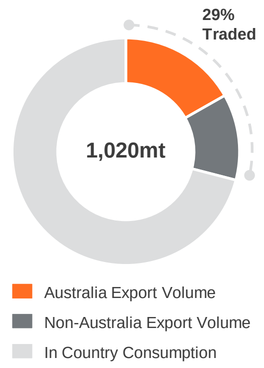
Global & Australia Coal Summary

Global

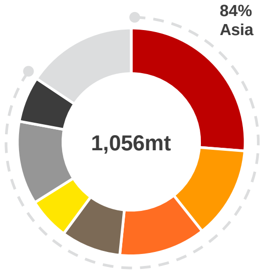
Thermal (Steam) Coal Production[1] *CY2021*



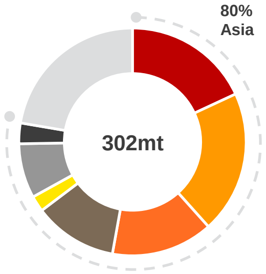
Metallurgical (Coking) Coal Production[1] *CY2021*



Thermal (Steam) Coal Import Volume[1] *CY2021*

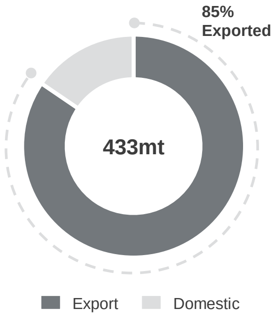


Met. (Coking) Coal Import Volume[1] *CY2021*

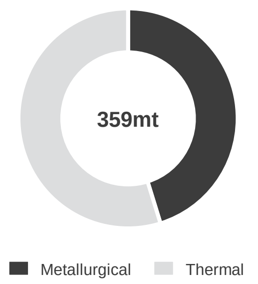


Australia

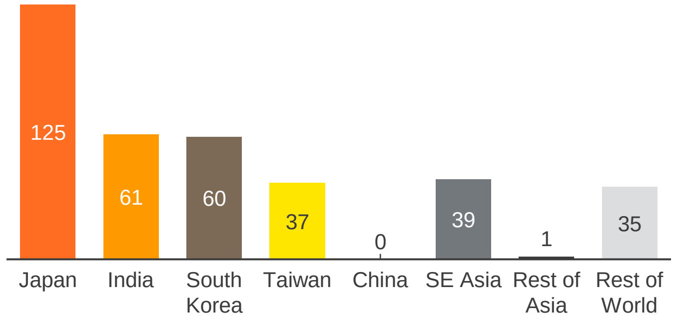
Coal Production[2] *CY2021*



Coal Export Volume[3] *FY2022*



Total Coal Export (By Destination)[3] *FY2022*
million tonnes



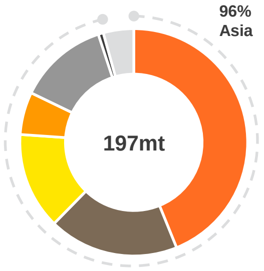
Export Revenue[3]

$110b

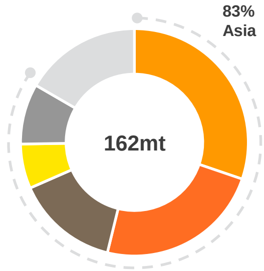
Direct Employment[5]

38k

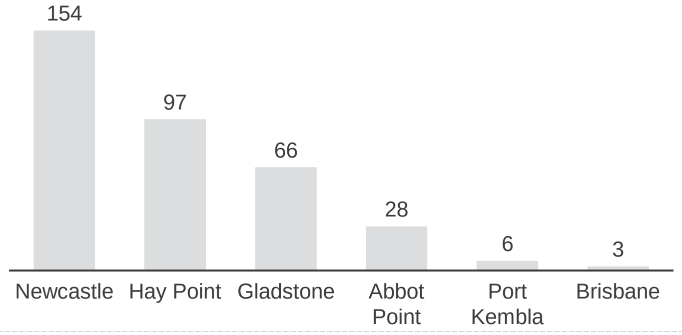
Thermal Coal Export Volume[3] *FY2022*



Metallurgical Coal Export Volume[3] *FY2022*



Total Coal Export (By Port)[4] *FY2022*
million tonnes



Aust. Electricity Generation Share[6]

42%

Royalties[7]

$3.0b

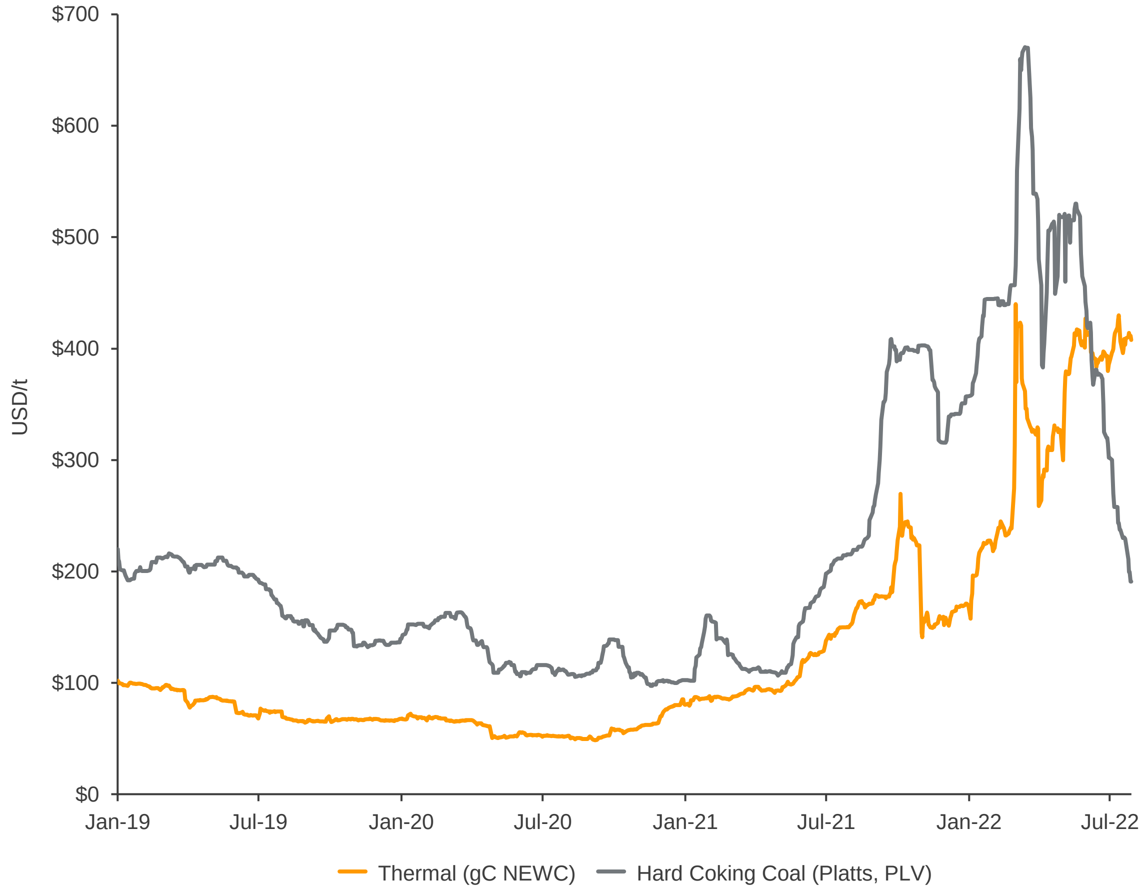
China India Japan South Korea Taiwan Southeast Asia Rest of Asia Rest of World

Note: All amounts are in million tonnes (unless otherwise stated). Due to rounding, the sum of individual elements may not equal the corresponding aggregate figure
1. International Energy Agency, Coal Information (July 2022). Production includes both primary extraction in addition to recovered product from slurries, middlings and coal dust. Thermal (Steam) Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal. In Country Consumption is production less export volume. Import volume includes both seaborne and landborne markets. 2. Office of Chief Economist, Resources and Energy Quarterly (March 2022). Domestic calculated as black coal (saleable) production less black coal export volume. 3. Australian Bureau of Statistics (ABS), Export Revenue: FY2022. 4. North Queensland Bulk Ports, Port of Brisbane, Gladstone Ports Corporation, Port of Newcastle, Coal Services. Hay Point includes both Hay Point Coal Terminal and Dalrymple Bay Coal Terminal. Note: Port Kembla volume to April 2022. 5. ABS Labour Account Australia (2021). 6. Department of Industry, Science, Energy and Resources (2021), Australian Energy Statistics (FY2020 black coal only). 7. QLD Government 2021-22 Budget Update – Mid-year Fiscal and Economic Review (FY2021), NSW Department of Planning, Industry and Environment (FY2021)

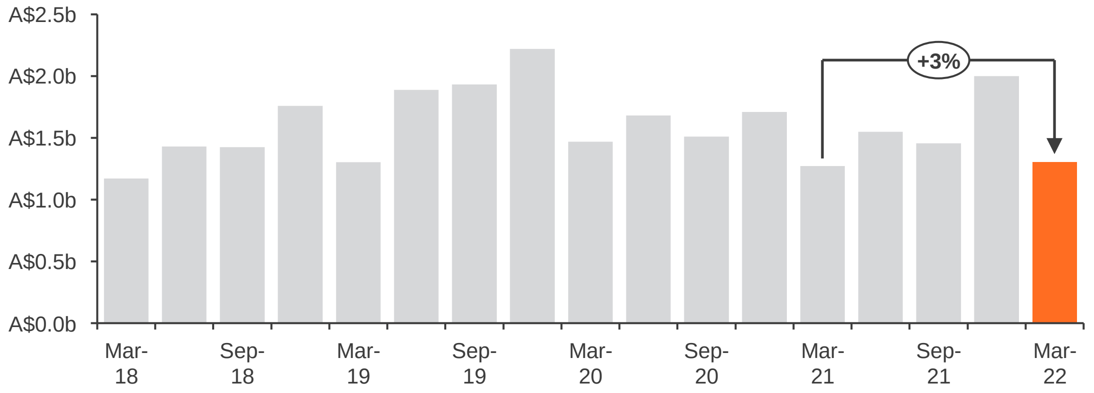
Coal markets

Significant price escalation during FY2022 driven by Russian trade sanctions and weather disruptions in Australia

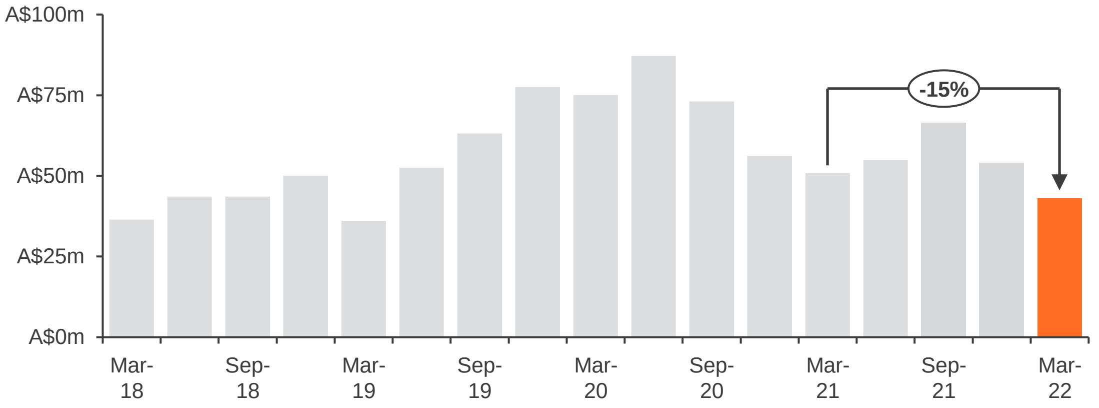
COAL PRICES[1]



AUSTRALIA: COAL CAPITAL EXPENDITURE[2]



AUSTRALIA: COAL EXPLORATION EXPENDITURE[2]



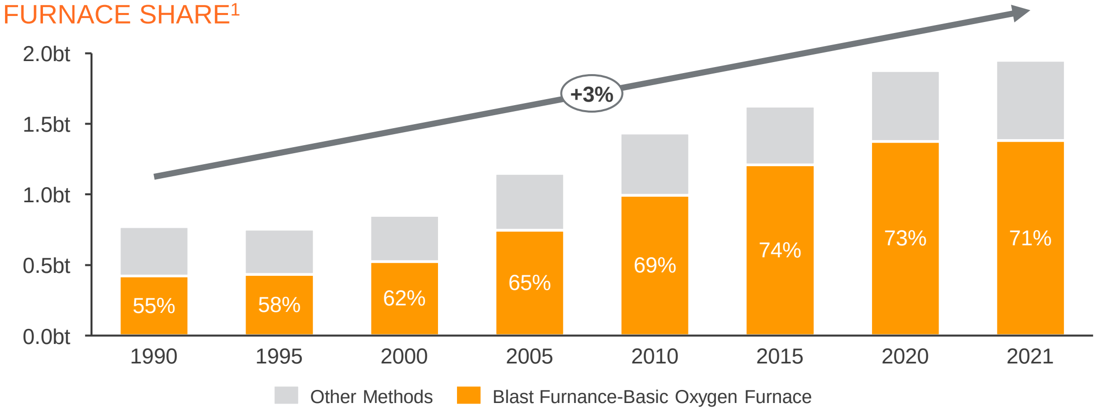
1. *Platts (Hard Coking Coal, Premium Low Vol.), Intercontinental Exchange (Thermal, Newcastle 6,000NAR). Prices to 31 July 2022.*
2. *Australian Bureau of Statistics*

AURIZON

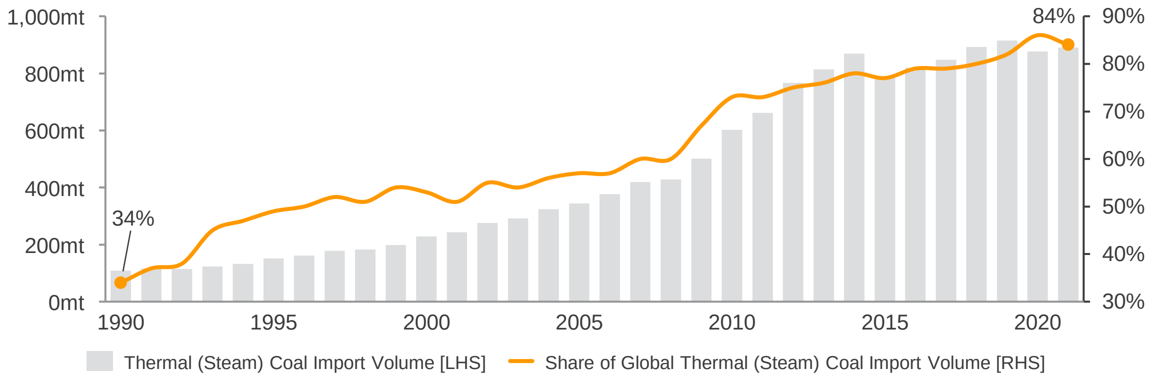
Coal markets

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

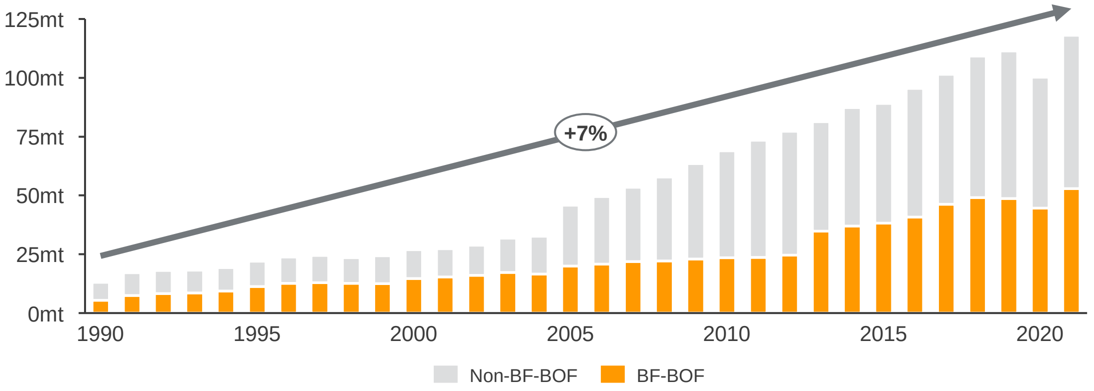
GLOBAL CRUDE STEEL PRODUCTION | BLAST FURNACE-BASIC OXYGEN FURNACE SHARE[1]



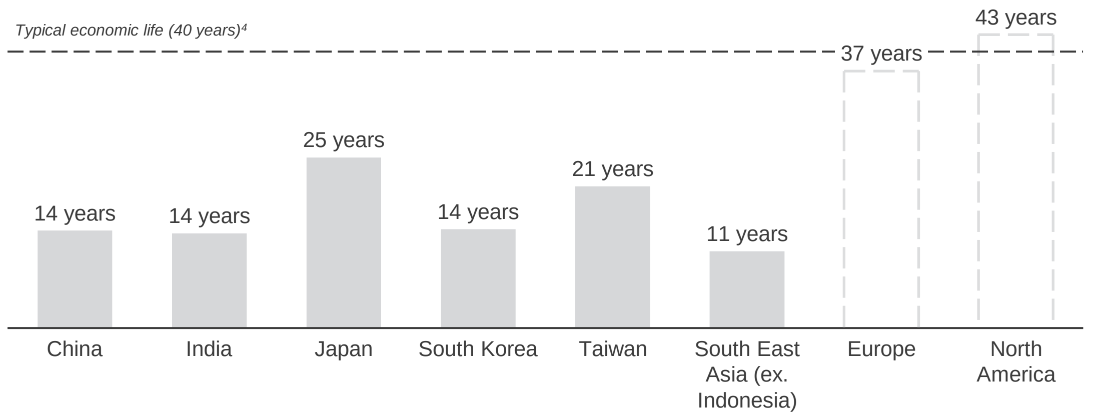
ASIA: THERMAL (STEAM) COAL IMPORT VOLUME | SHARE OF GLOBAL THERMAL (STEAM) COAL IMPORT MARKET[2]



INDIA: CRUDE STEEL PRODUCTION (BY METHOD)[1]



AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY[3]

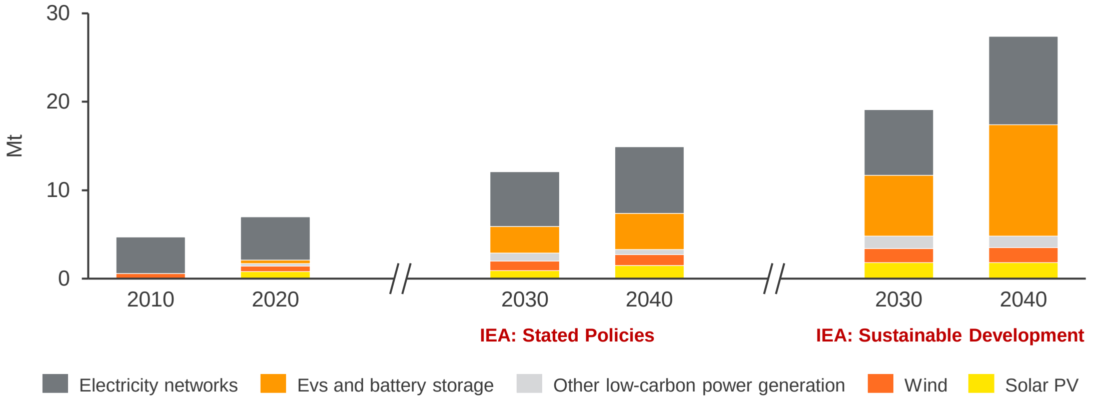


1. *World Steel Association*
2. *International Energy Agency, Coal Information (July 2022). Thermal (Steam) Coal includes all anthracite and bituminous coals not considered coking coal and also includes sub-bituminous coal*
3. *S&P Global Market Intelligence World Electric Power Plants Database (March 2022) as at 2022, capacity weighted. Countries ordered by absolute capacity (left to right), followed by South East Asia. Europe and North America added for reference only*
4. *International Energy Agency, World Energy Investment 2018*

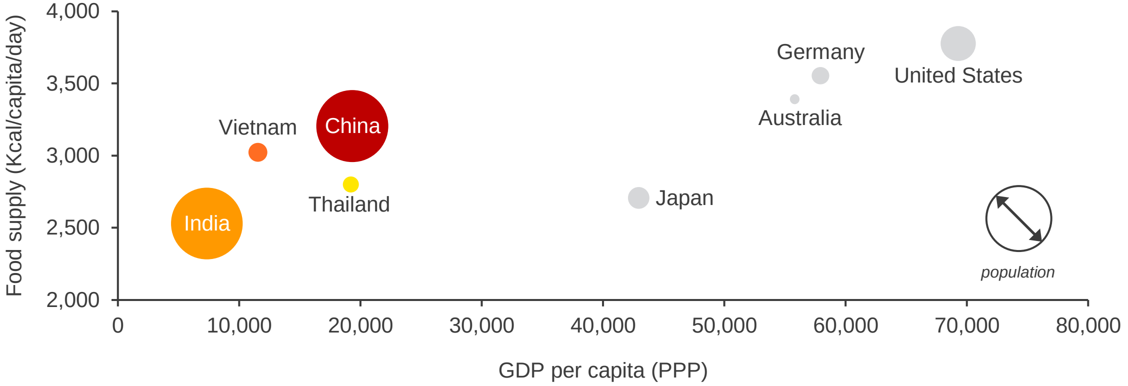
Bulk markets

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

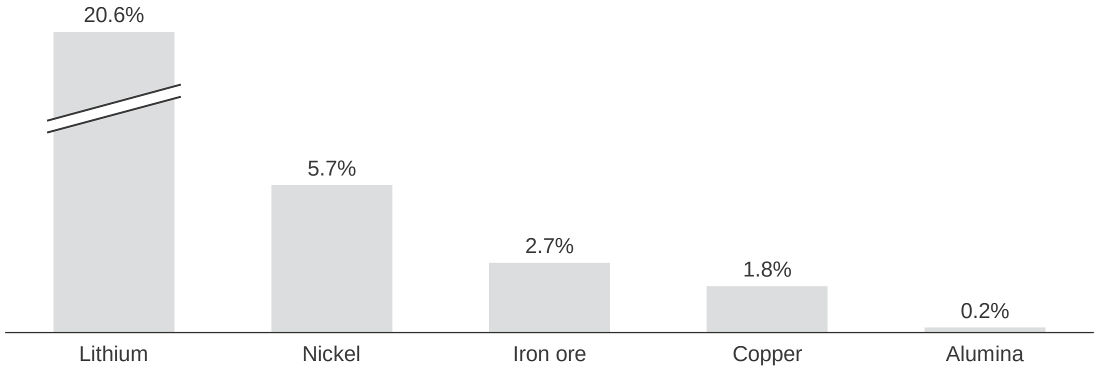
MINERAL DEMAND FROM CLEAN ENERGY TECHNOLOGIES[1]



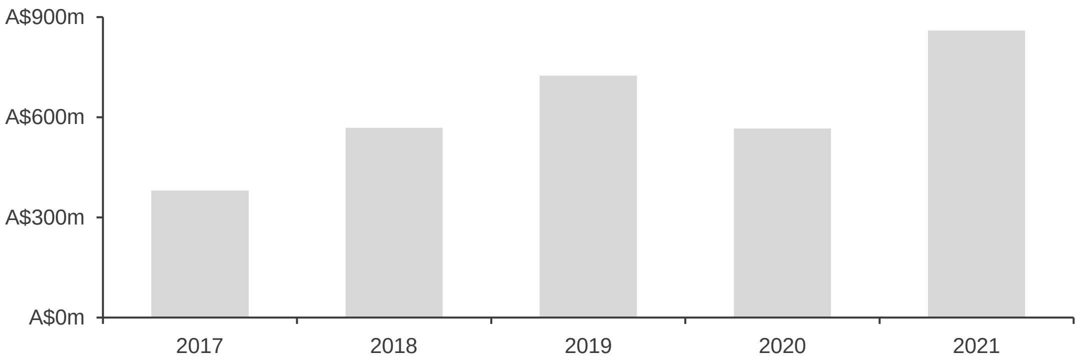
FOOD CONSUMPTION: CALORIES PER CAPITA[2-3]



AUSTRALIA: PRODUCTION GROWTH[4] *CAGR 2021-2027*



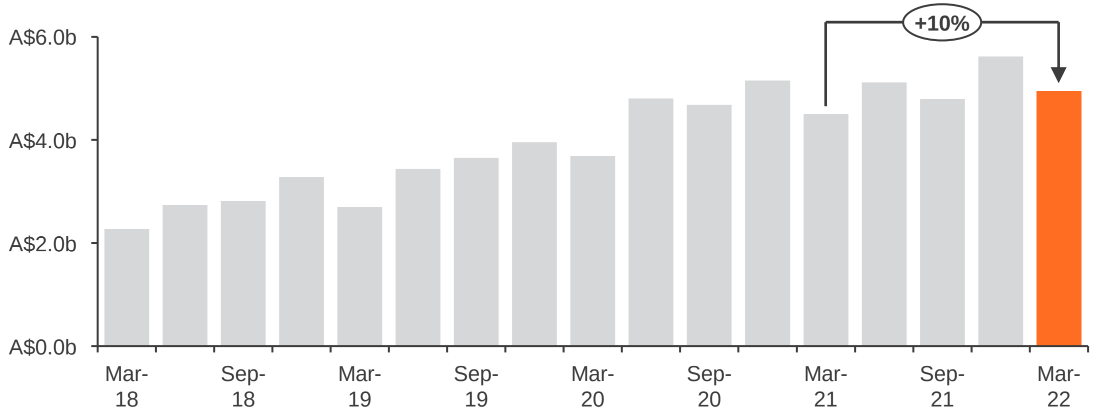
AUSTRALIA: EXPLORATION EXPENDITURE: SELECTED BASE METALS[5]



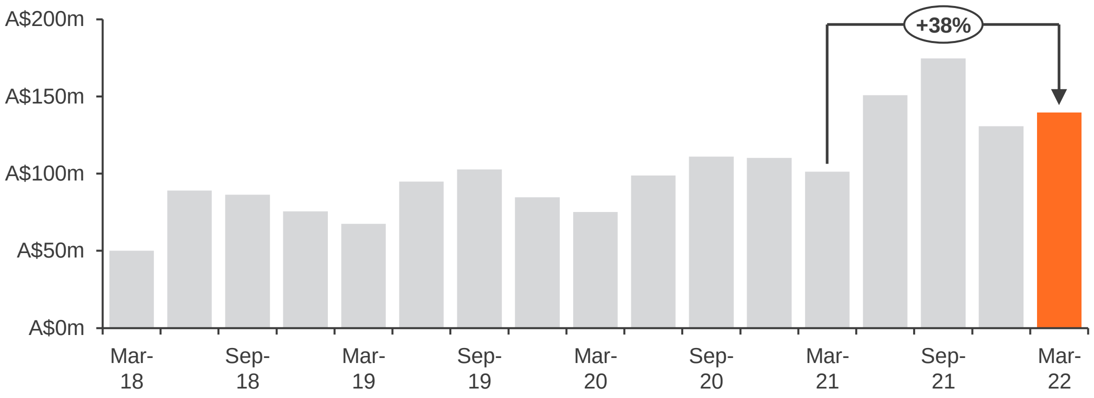
1. *International Energy Agency, The role of critical minerals in clean energy transition. Key minerals included: cobalt, copper, lithium, nickel and rare earth elements*
2. *GDP (Purchasing Power Parity; current international dollars): World Bank (2021 data), Population: World Bank (2021 data)*
3. *Food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

Bulk – Australia Capital & Exploration Expenditure

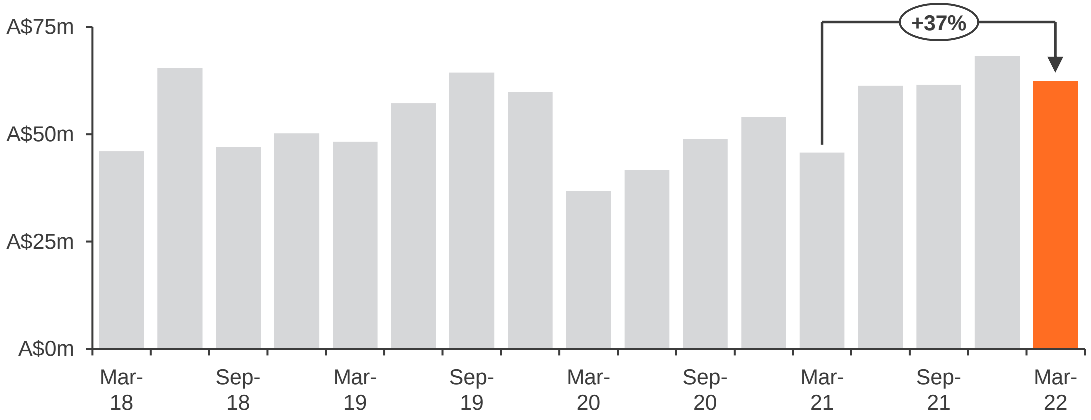
CAPITAL EXPENDITURE: METAL ORE MINING[1]



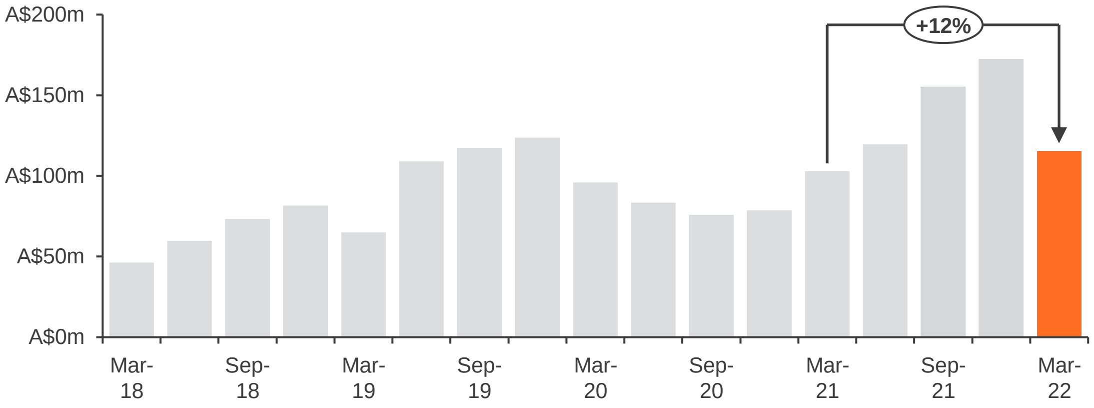
EXPLORATION EXPENDITURE: IRON ORE[2]



EXPLORATION EXPENDITURE: NICKEL & COBALT[2]



EXPLORATION EXPENDITURE: COPPER[2]



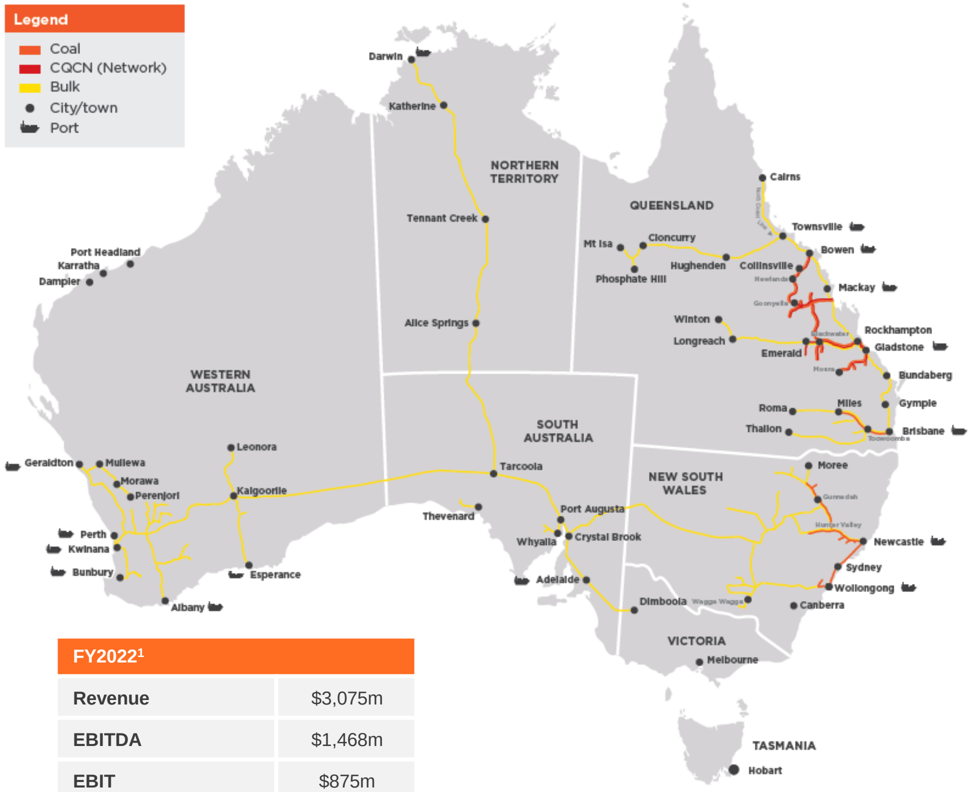
1. Australian Bureau of Statistics Metal ore mining commodities includes: iron ore, bauxite, copper, gold, mineral sands, nickel, silver-lead-zinc and other metal ores.
2. Australian Bureau of Statistics

Additional Information: Group

Picture: Aurizon Port Services Newcastle

Overview

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



FY2022[1]	
Revenue	$3,075m
EBITDA	$1,468m
EBIT	$875m
Free cash flow	$664m
ROIC	10.3%
People (FTE)[2]	4,917

Below Rail

Network

- Operation of the Central Queensland Coal Network (2,670km), critical infrastructure supporting ~90% of Australian metallurgical coal export volume
- Regulated below rail asset base
- Around 70% of volume hauled across the network is considered to be metallurgical coal (remaining 30% thermal coal), with demand linked to Asian steel production

Above Rail

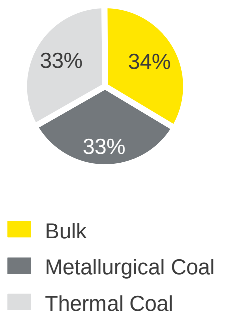
Coal

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

Bulk

- Rail, road and port services operating in Queensland, Western Australia, South Australia, Northern Territory and New South Wales
- Commodities hauled linked with economic growth and minerals associated with new economy markets and food consumption
- **One Rail acquisition (July 2022):** Integrated rail business with 2,460km of track infrastructure in central Australia

REVENUE[3]



1. *All amounts are underlying and on a continuing basis (unless otherwise identified)*
2. *As at 30 June 2022*
3. *Revenue (FY2022) is the sum of the Coal and Bulk business units (excluding track access) and excludes the Network business unit*

Strategic objectives

Resilient Network and Coal businesses supporting Bulk growth and shareholder returns

Resilient Network and Coal businesses

Safety, cost, productivity and capital focus supports Bulk growth

Growing bulk business

Aspiration to double the size of the Bulk business by 2030[1]

Evolving mix reduces thermal coal exposure

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

1. *To be reviewed post completion of One Rail*

Purpose, Vision, Values and Strategic Levers

Purpose

Growing regional Australia by delivering bulk commodities to the world

Vision

The first choice for bulk commodity transport solutions

Values

SAFETY
We know safe, we choose safe

PEOPLE
We seek diverse perspectives

INTEGRITY
We have the courage to do the right thing

CUSTOMER
We strive to be the first choice for customers

EXCELLENCE
We set and achieve ambitious goals

Strategic Levers

OPTIMISE
our existing core business

EXCEL
to create competitive advantage

EXTEND
to support long-term sustainable growth

Prioritisation of capital

CAPITAL ALLOCATION HIERARCHY

1 DETERMINE AVAILABLE CAPITAL

- Ongoing operating cashflows
- Additional funding capacity available:
  - Network: BBB+/Baa1
  - Operations: BBB+/Baa1

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

AURIZON

Above Rail volumes

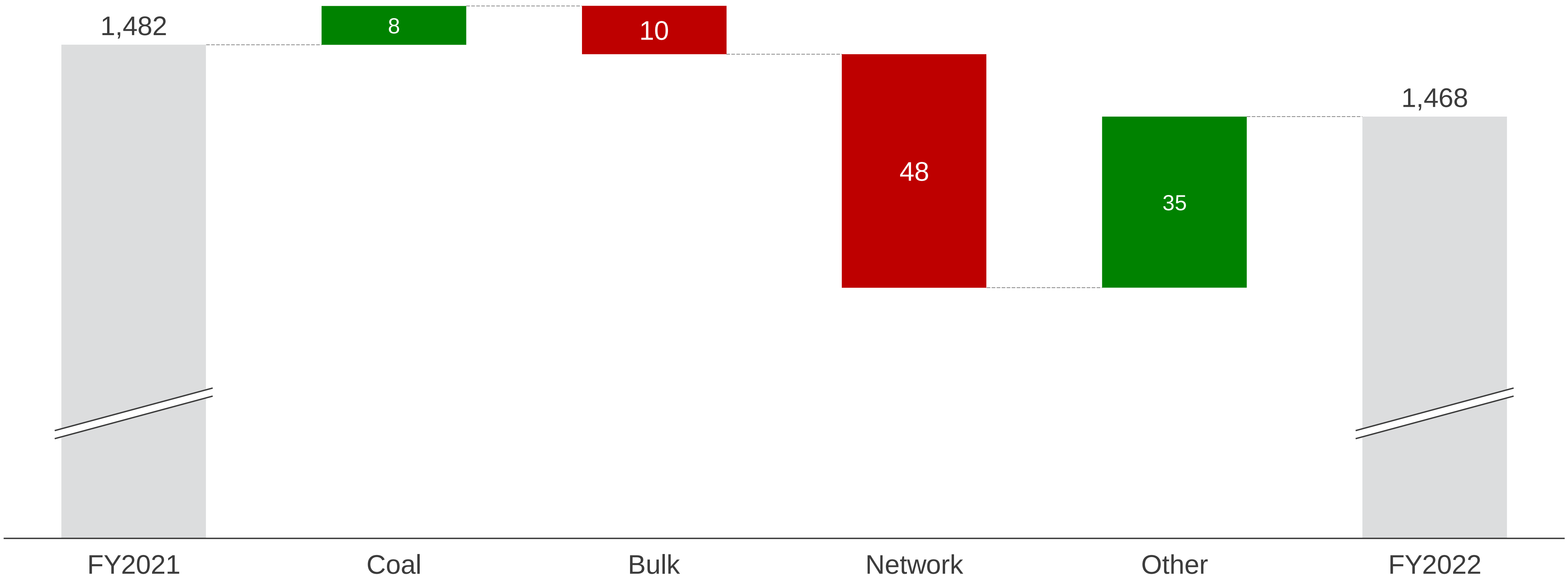
	Quarter Ending						Financial Year		
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Variance[1]	FY2021	FY2022	Variance[1]
Coal volumes (million tonnes)									
CQCN	37.0	36.9	33.4	34.3	36.5	(1%)	143.7	141.1	(2%)
NSW & SEQ	14.7	14.5	13.9	11.2	13.4	(9%)	58.4	52.9	(9%)
Total	**51.8**	**51.4**	**47.3**	**45.5**	**49.9**	**(4%)**	**202.1**	**194.0**	**(4%)**
Coal NTK (billion)									
CQCN	9.1	9.4	8.4	8.5	9.0	(1%)	35.8	35.3	(1%)
NSW & SEQ	2.8	2.8	2.6	2.0	2.5	(11%)	11.3	9.9	(12%)
Total	**11.9**	**12.2**	**11.0**	**10.5**	**11.5**	**(3%)**	**47.1**	**45.2**	**(4%)**
Bulk volumes (million tonnes)	**12.8**	**11.9**	**12.9**	**12.9**	**13.2**	**3%**	**51.2**	**50.8**	**(1%)**
Above Rail Volumes (mt)	**64.6**	**63.3**	**60.2**	**58.3**	**63.1**	**(2%)**	**253.2**	**244.8**	**(3%)**

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

Enterprise Agreements

Enterprise Agreement		# Staff Covered (approx.)	Term (years)	Expiry Date	Headline Increases				Status
					Year 1	Year 2	Year 3	Year 4	
WA Rail Operations		450	4	30 June 2022	1.50%	2.0%	2.0%	2.25%	Bargaining
QLD Coal	Traincrew & Transport Operations	1,200	3	11 Nov 2022	2.50%	2.30%	2.25%		Bargaining
	Maintenance				2.00%	2.00%	2.00%		
QLD Bulk	Traincrew & Transport Operations	370	3	24 Jan 2023	2.50%	2.30%	2.25%		Planning
	Maintenance				1.50%	2.00%	2.00%		
QLD Staff		700	4	30 Jan 2023	2.10%	2.10%	2.25%	2.25%	Planning
QLD Infrastructure		550	4	27 May 2023	2.10%	2.10%	2.25%	2.25%	Planning
WA Rollingstock Maintenance		90	4	10 May 2025	3.00%	3.00%	2.50%	2.00%	Complete
NSW Coal		300	4	10 Nov 2025	2.50%	2.50%	2.50%	2.50%	Complete
Aurizon Port Services		60	4	1 Nov 2025	-	-	3.00%	3.00%	Complete
One Rail									
G&W (SA/NT) Maintenance		*70*	*3*	*4 Feb 2023*	*4.00%*	*4.00%*	*2.00%*		
G&W (SA/NT) Rail Operations		*170*	*4*	*16 Dec 2023*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	
G&W (SA/NT) Infrastructure		*40*	*4*	*9 Mar 2024*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	
G&W (SA/NT) Terminal Operations		*~*	*4*	*2 Apr 2024*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	

Underlying group EBITDA bridge[1] ($m)



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

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

	FY2022	FY2021	Variance
Coal	541.2	533.3	1%
Bulk	130.1	139.9	(7%)
Network	801.3	848.8	(6%)
Other	(5.0)	(39.8)	87%
EBITDA	**1,467.6**	**1,482.2**	**(1%)**

1. *Continuing operations*

Balance sheet summary ($m)

	30 June 2022	30 June 2021
Assets classified as held for sale	0.1	5.0
Other current assets	860.1	806.9
Total current assets	**860.2**	**811.9**
Property, plant and equipment (PP&E)	8,406.8	8,445.3
Other non-current assets	408.5	507.4
Total non-current assets	**8,815.3**	**8,952.7**
Total Assets	**9,675.5**	**9,764.6**
Other current liabilities	(711.8)	(658.2)
Total borrowings	(3,220.8)	(3,738.0)
Other non-current liabilities	(1,330.6)	(1,093.8)
Total Liabilities	**(5,263.2)**	**(5,490.0)**
Net Assets	**4,412.3**	**4,274.6**
Gearing (net debt / (net debt + equity))	**40.9%**	**45.6%**

Reconciliation of borrowings

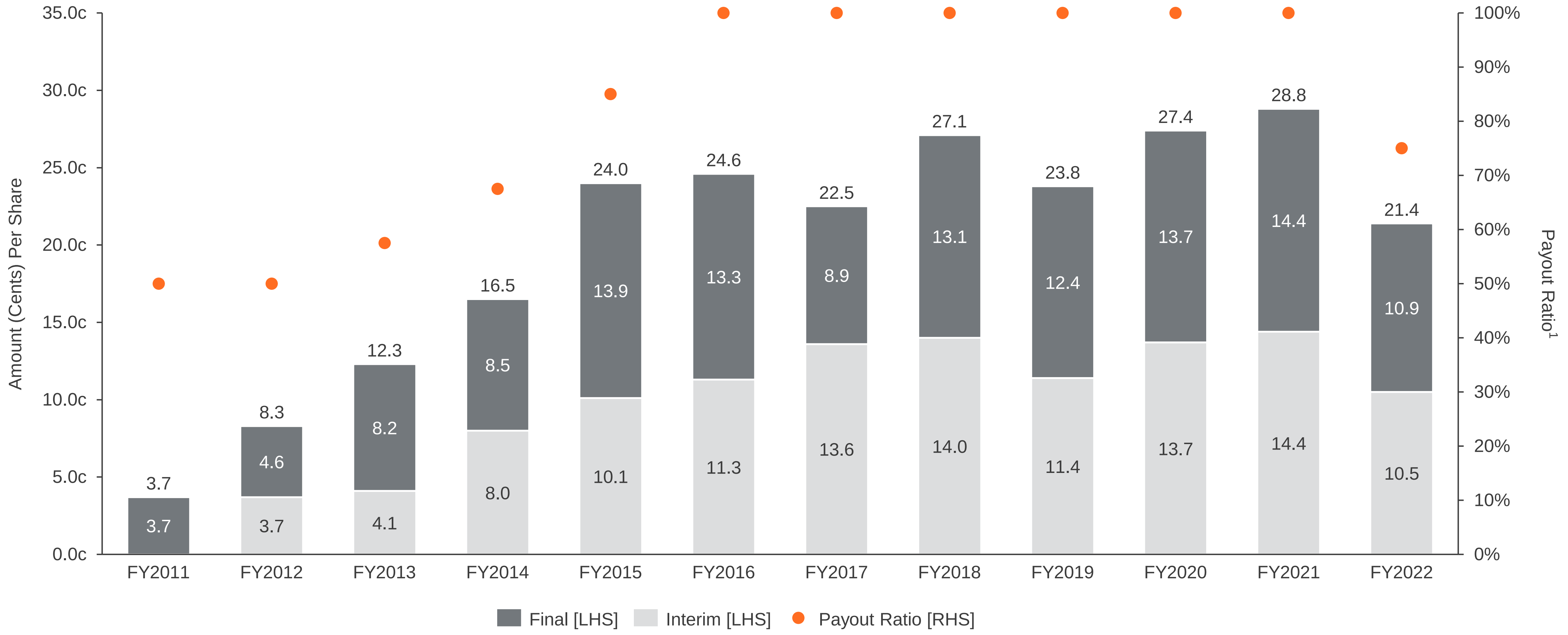
	$m	Commentary
Total debt including working capital facility	3,445.8	Borrowings on a cash basis
Reconciliation to Financial Statements		
Add/(less):		
Capitalised transaction costs	(7.0)	
Discounts on bonds	(7.2)	Discounts on medium term notes capitalised to the balance sheet and unwound to the income statement in accordance with AASB 9
Accumulated fair value adjustments	(210.8)	Accumulated fair value hedge mark-to-market adjustment on bonds in accordance with AASB 9
Total adjustments	(225.0)	
Total borrowings per financial report	**3,220.8**	Current and non-current borrowings

Significant adjustments ($m)

	FY2022	FY2021
Continuing operations – Net gain on sale of shares in Aquila (before tax)[1]	-	8.2
One Rail acquisition costs[2]	(14.2)	

1. *Net of tax is $73.5m*
2. *Net of tax is ($11.9m)*

Dividend history

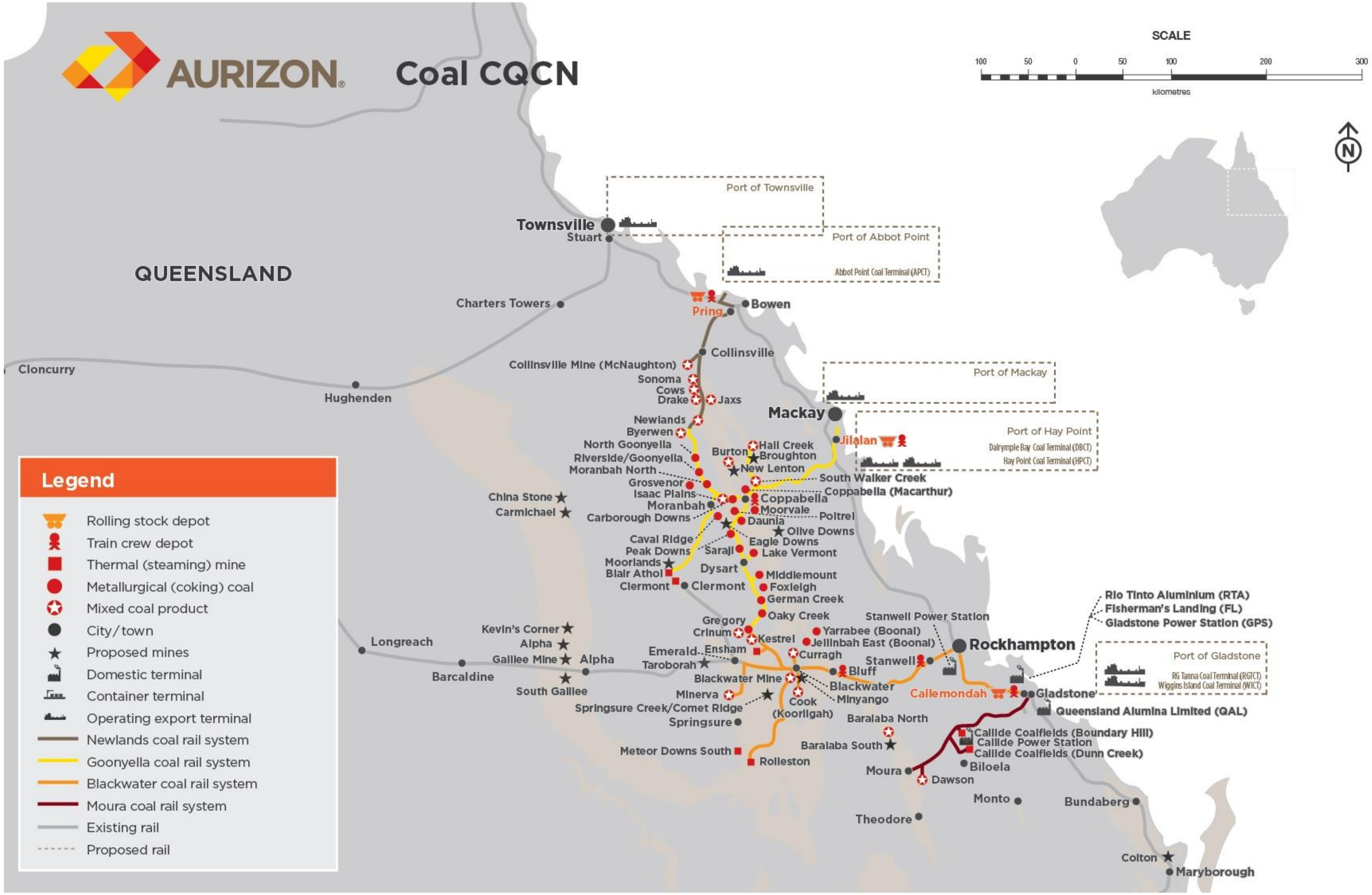


1. *A simple average of the payout ratio is used. From FY2018, payout ratio is based on underlying NPAT for continuing operations*

Additional Information: Coal

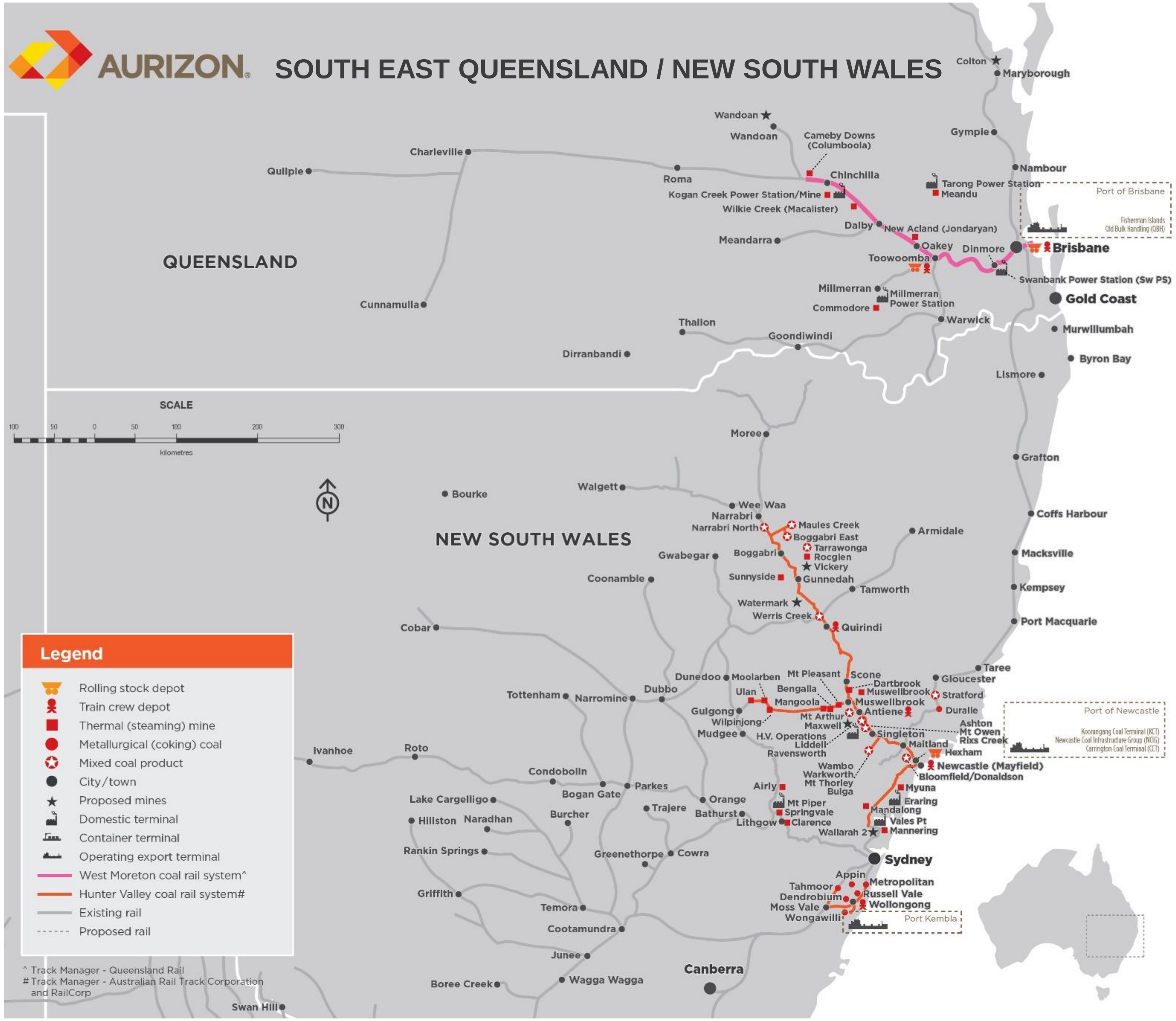
Picture: Unveiling of locomotive artwork during NAIDOC Week 2020, a design the features sacred sites from the local area, created by local Indigenous artist John Robinson

Coal Operations



Note: Includes all mines in the CQCN

Coal Operations



Coal operating metrics

	FY2022	FY2021	Variance
Total tonnes hauled (m)	194.0	202.1	(4%)
Contract utilisation	84%	83%	1ppt
Total NTK (bn)	45.2	47.1	(4%)
Average haul length (km)	233	233	-
Total revenue / NTK ($/'000 NTK)	34.5	34.2	1%
Above Rail Revenue / NTK ($/'000 NTK) [1]	26.4	25.1	5%
Opex / NTK ($/'000 NTK)	27.1	27.3	1%
Opex / NTK (excluding access costs) ($/'000 NTK)	18.8	17.8	(6%)
Locomotive productivity ('000 NTK / Active locomotive day)	389.1	390.5	-
Active locomotives (as at 30 June)	314	329	(5%)
Wagon productivity ('000 NTK / Active wagon day)	14.7	14.9	(1%)
Active wagons (as at 30 June)	8,285	8,723	(5%)
Payload (tonnes)	7,938	7,887	1%

1. $16.3m has been reclassified from track access revenue to above rail revenue for FY2021 for consistency with current year presentation

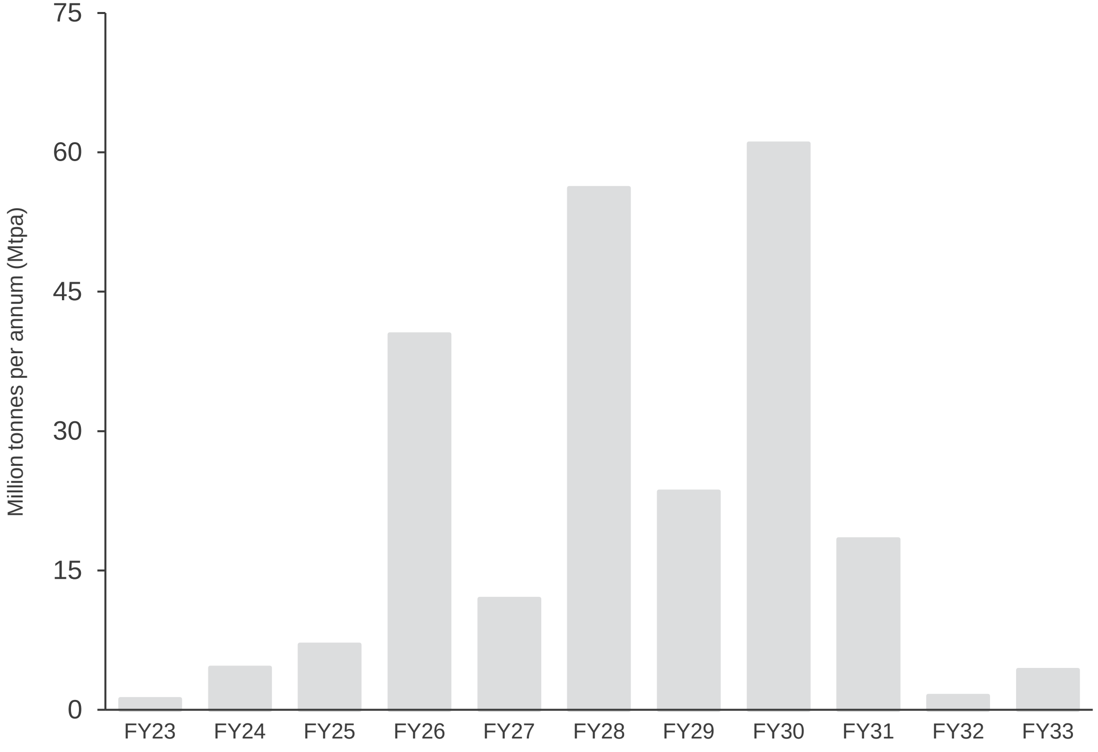
Coal haulage tonnes (mt) by system

	FY2022	FY2021	Variance
CQCN			
Newlands	17.8	18.2	(2%)
Goonyella	61.5	60.3	2%
Blackwater	49.5	52.3	(5%)
Moura	12.3	12.9	(5%)
Total CQCN	**141.1**	**143.7**	**(2%)**
NSW & SEQ			
West Moreton	2.7	4.1	(34%)
Hunter Valley	50.2	54.3	(8%)
Total NSW & SEQ	**52.9**	**58.4**	**(9%)**
Total Coal	**194.0**	**202.1**	**(4%)**

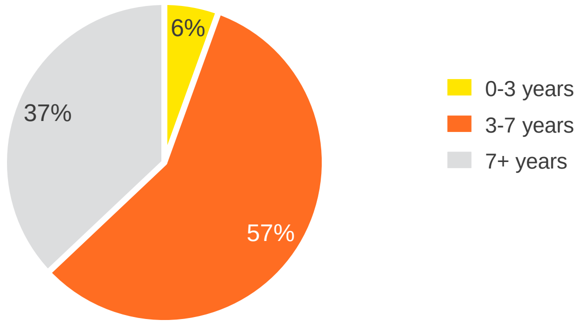
1. *Due to rounding, the sum of components may not equal the corresponding total*

Coal contract portfolio

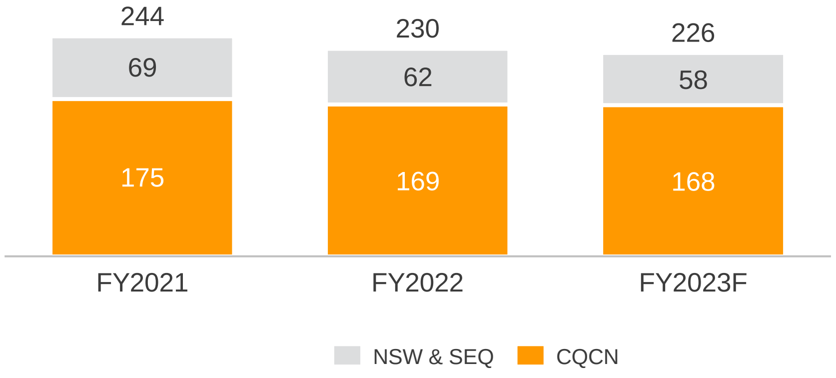
AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR[1]
AS AT 30 JUNE 2022



COAL CONTRACT PORTFOLIO EXPIRY[1]
AS AT 30 JUNE 2022



FORECAST COAL CONTRACTED VOLUMES[2] (MT)



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 2022 and includes known nominations.

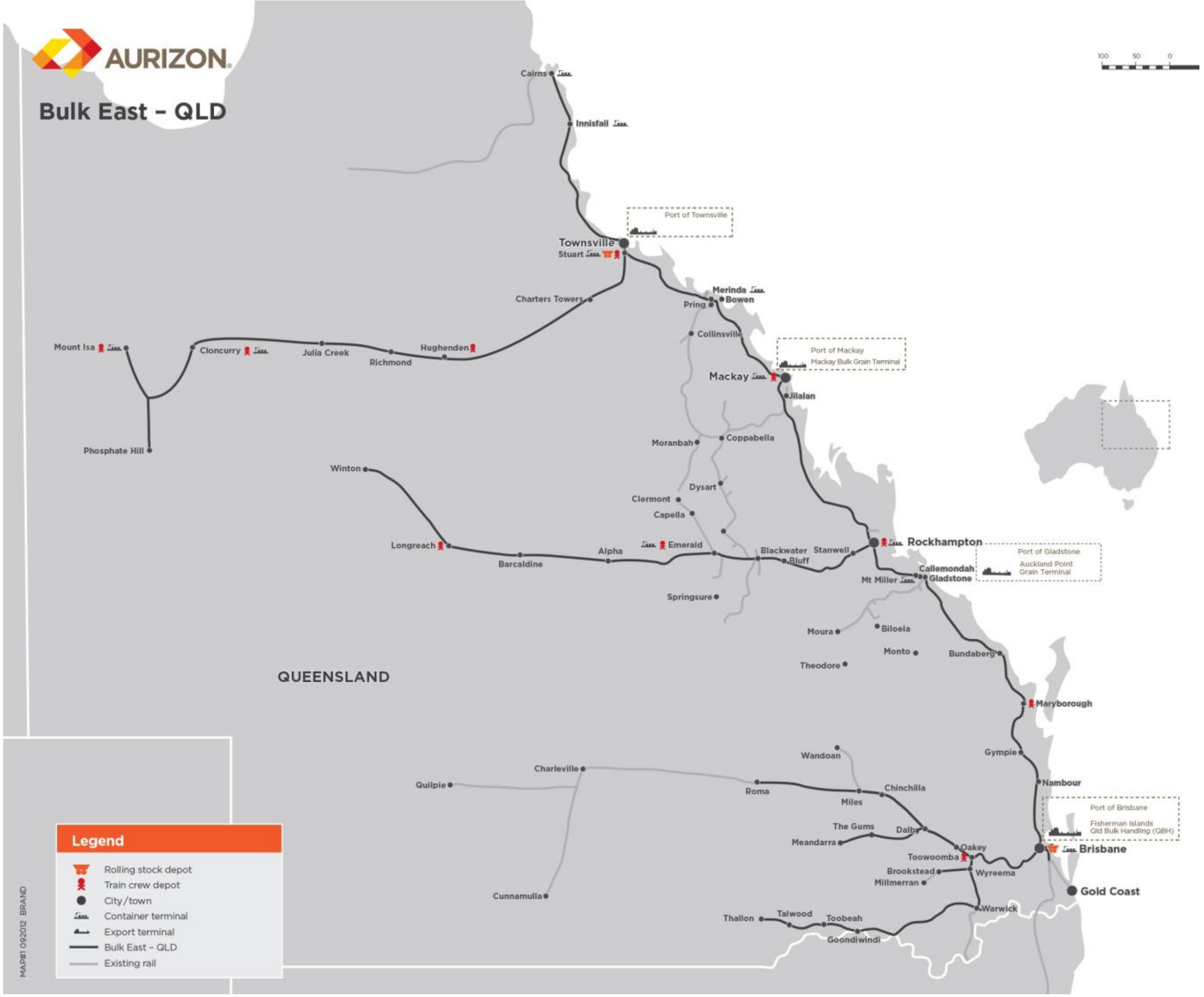
Additional Information: Bulk

Picture: Loading containers at Cloncurry depot Qld

AURIZON

Bulk operations

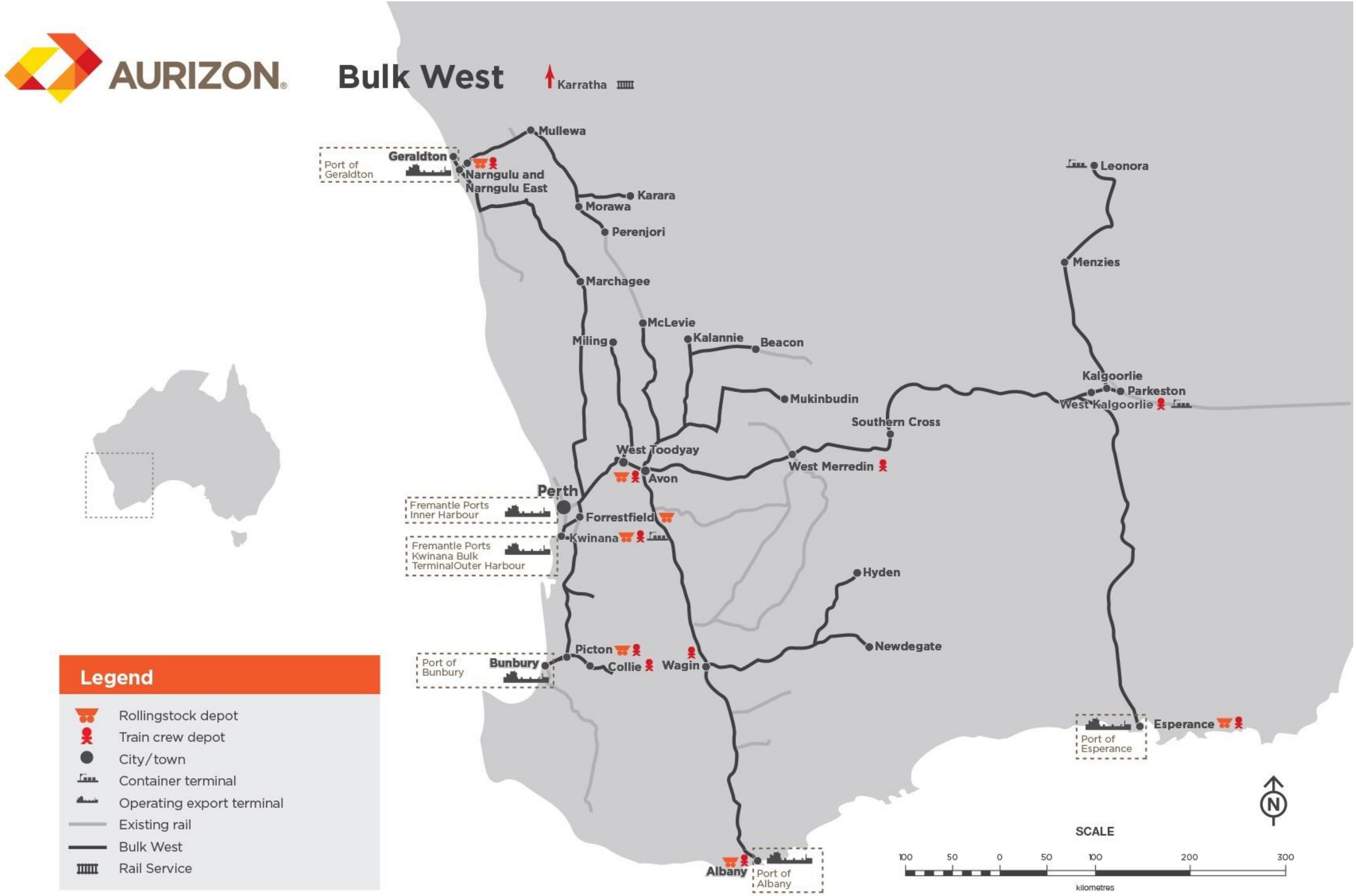
Bulk operations: Queensland



Bulk operations: New South Wales

Bulk operations: South Australia and Northern Territory

Bulk operations: Western Australia



Aurizon Port Services

Townsville

Infrastructure: Hardstand upgrade completed with capacity for 1,200 containers (100% increase in capacity) and development of unique direct rail access well progressed

Connected: Strategically linked to the Mount Isa Minerals province

Expanded Services: Connecting port, trucking and storage services to rail

Newcastle

Simplicity: Simple operating and labour model that is scalable (currently operating at 50% capacity)

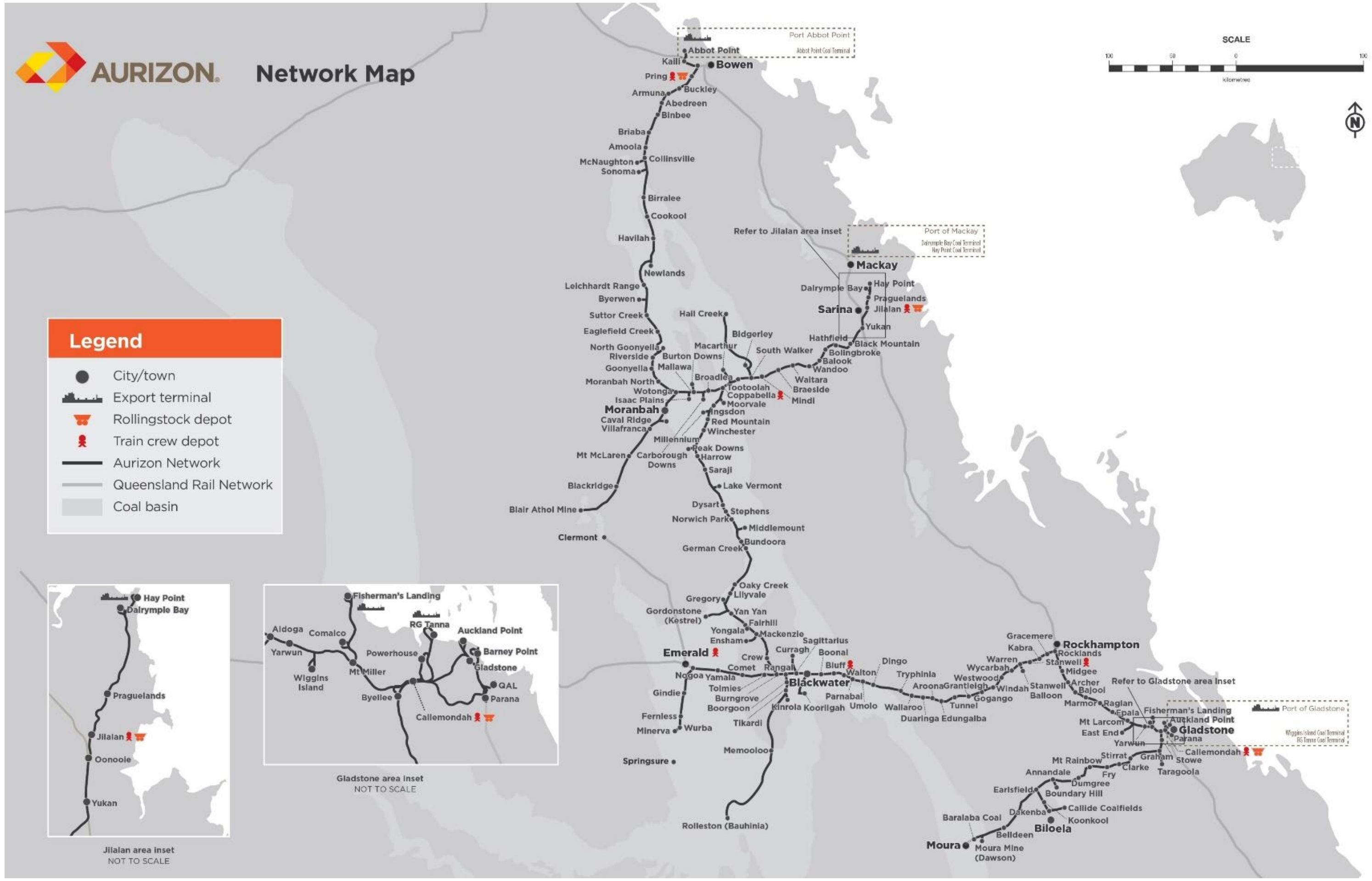
Connected: Strategically linked to the Cobar Minerals province of NSW

Expanded Services: Connecting port, materials handling and storage services to rail

Additional Information: Network

Picture: Central Queensland Coal Network

Network Operations



Network financial and operating metrics

$m	FY2022	FY2021	Variance
Tonnes (m)	206.5	208.3	(1%)
NTK (bn)	51.9	52.4	(1%)
Operating Ratio	61.7%	58.4%	(3.3ppt)
Maintenance/NTK ($/'000 NTK)	2.6	2.4	(8%)
Opex/NTK ($/'000 NTK)	14.2	13.7	(4%)
Cycle Velocity (km/hr)	22.8	23.0	(1%)
System Availability	82.6%	84.1%	(1.5ppts)
Average Haul Length (km)	251	252	-

Network volumes: All rail operators

	FY2022	FY2021	Variance
Newlands	13.9	10.7	31%
Goonyella	105.6	103.4	2%
Blackwater	58.3	61.5	(5%)
Moura	12.0	12.7	(6%)
GAPE	16.8	20.0	(16%)
Total (mt)	**206.5**	**208.3**	(1%)

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

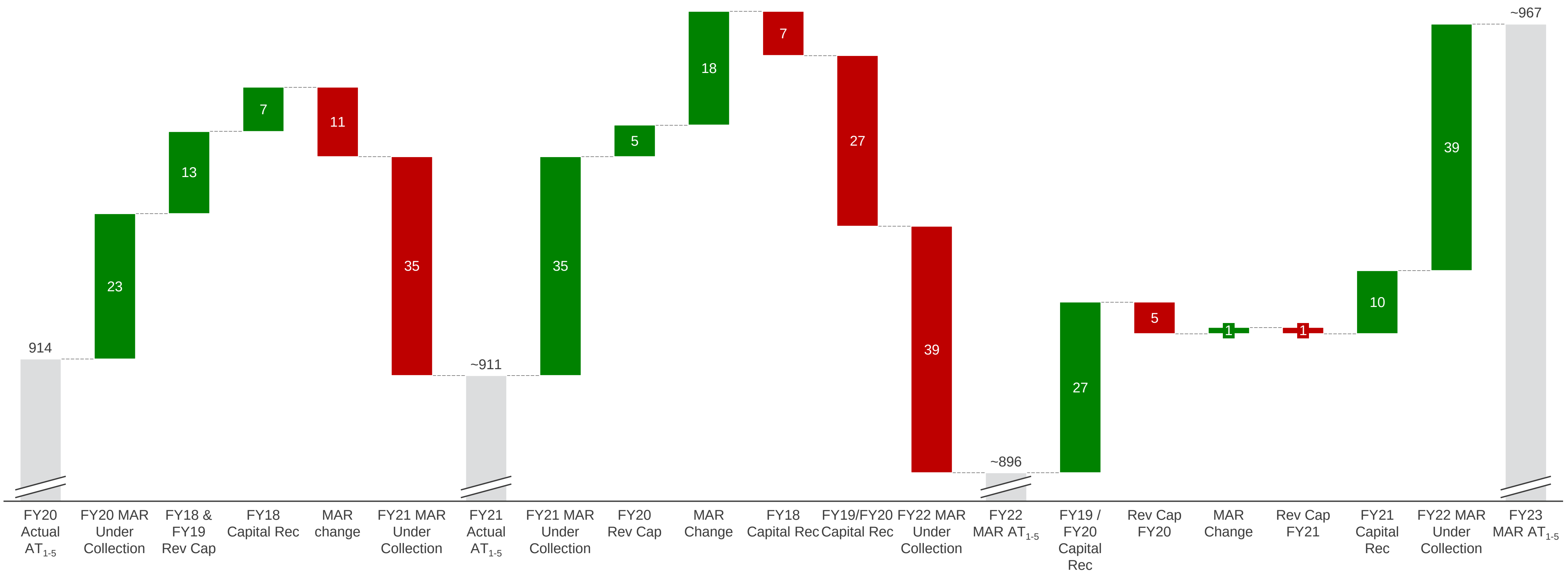
Network FY2022 Access Revenue movement

	$m
Decrease in MAR from FY2021 to FY2022	(16.1)
Volume under-recovery for FY2022	(39.0)
Volume under-recovery for FY2021 (reversal of FY2021 impact)	34.6
FY2020 Revenue Cap amounts (recovery from Access Holders in FY2022)	4.9
GAPE revenue	(20.0)
WIRP Fees	(13.3)
Other Access Revenue	3.7
Movement in FY2022 Access Revenue	**(45.2)**

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

Network adjusted MAR bridge – Approved UT5 Undertaking

INDICATIVE NETWORK ADJUSTED MAXIMUM ALLOWABLE REVENUE (MAR)[1] FY2020 – FY2023 ($M)



1. Amounts exclude GAPE. Due to rounding the sum of components may not equal the corresponding total.

Network Revenue Adjustment Amounts (revenue cap)

Financial Year	AT_{2-4} $m	AT_5 $m	Total (inc-GAPE) $m	Total (ex-GAPE) $m
2022[1]	~31	~11	~42	~30
2021	(40.0)	20.0	(20.0)	(1.1)
2020	(0.5)	3.9	3.4	4.9
2019	(9.9)	(2.7)	(12.6)	(12.2)
2018	(6.2)	5.5	(0.7)	(0.8)

- Revenue adjustment amounts (RAA) are the difference by system between Aurizon's Total Actual 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 revenue adjustment amounts (except FY2022) include cost of capital adjustments
- RAA also includes adjustments for maintenance, rebates, energy connection costs, WACC adjustments and other costs recoverable in accordance with Schedule F of the Access Undertaking. The net impact of these adjustments in FY2022 is ~$9m return to access holders ex-GAPE compared to the MAR under collection of $39m as shown on slide 65

Note: AT = Access Tariff Revenue Adjustment Amount and that negative amounts represents a return to Access Holders.
1. Estimated, not submitted to the QCA for approval and excludes cost of capital adjustment.

Reconciliation of billed MAR to reported access revenue

$m	FY2022 Actual	FY2021 Actual	FY2020 Actual
Billed Access Revenue (AT_1 to AT_5) (ex. GAPE)	891	911	927
Approved Adjustments to MAR			
Revenue Cap (ex. GAPE and inclusive of capitalised interest)[1]	5	-	(13)
Regulated Access Revenue (ex. GAPE)	**896**	**911**	**914**
Total non-regulated Access Revenue (ex. GAPE)	77	86	35
Total GAPE Revenue (Regulatory + non-regulatory)	161	181	182
Total Access Revenue per Aurizon Statutory Accounts	**1,134**	**1,179**	**1,132**

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. FY2020 Revenue Cap includes both the FY2018 and FY2019 net returns to Access Holders.

AURIZON

UT5 WACC Reset Timeline

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

UT5 WACC RESET PROCESS

12 November 2021
Report Date[1]
WACC
6.30%

1 July 2023
Reset Date
Preliminary Reset WACC[2]
8.18%

1 July 2024
Final Reset WACC
tbd

1 July 2025
Revenue Cap true up of Final Reset WACC (compared to Preliminary Reset WACC) for the period 1 July 2023 to 30 June 2024

30 June 2027
Terminating Date

PRELIMINARY RESET WACC PARAMETERS[2]

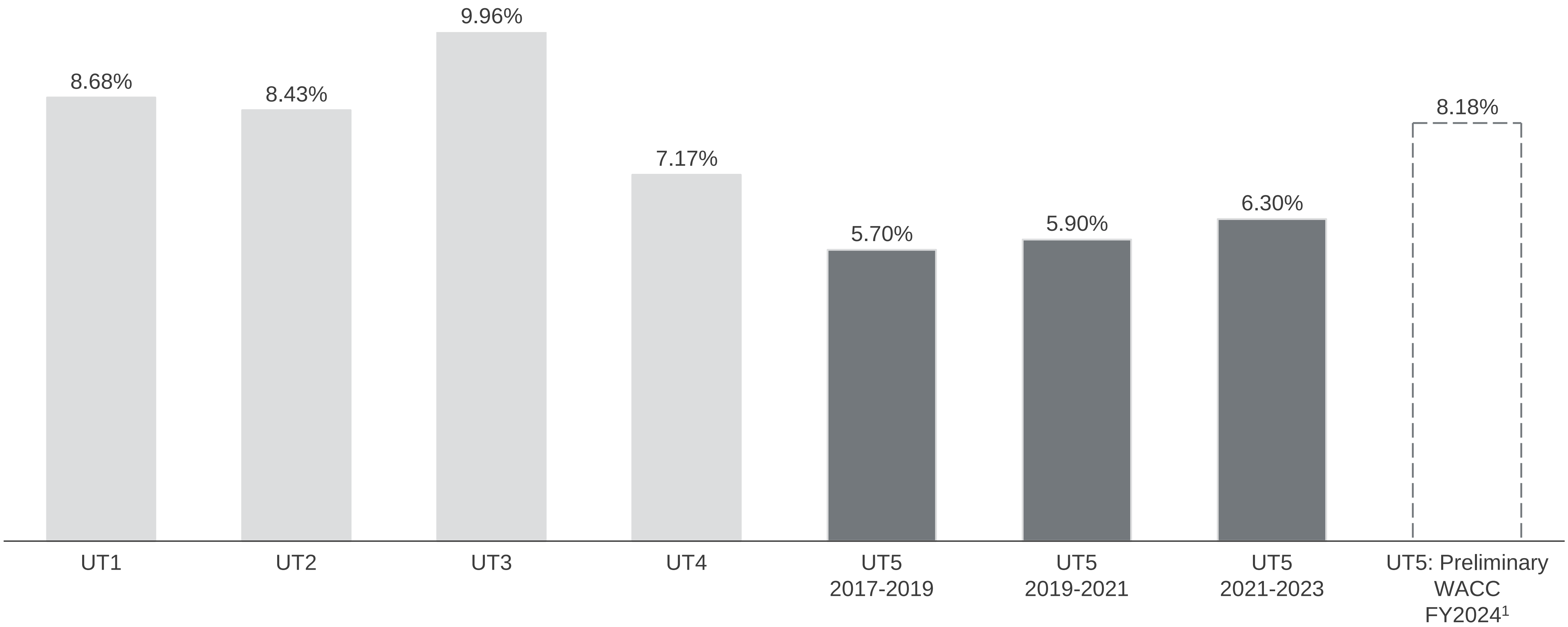
	QCA 2018 Decision	Preliminary Reset	Change
WACC	**6.30%** *to 30 June 2023*	**8.18%** *From 1 July 2023*	+1.88ppts
Debt Risk Premium[3]	*2.04%*	*2.60%*	*+0.31ppts* *+0.56% x 0.55 leverage*
Risk Free Rate[5]	*1.90%*	*3.47%*	*+1.57ppts*

MILESTONES

31 July 2022	Preliminary Reset WACC: Submission to QCA on Preliminary Reset Values (risk free rate, debt risk premium and inflation methodology agreed), based on June 2022 parameters. To be applied from 1 July 2023 to 30 June 2024.
1 July 2023	Reset of risk free rate, debt risk premium and inflation to apply from 1 July 2024 (submitted to QCA on 31 July 2023)
1 July 2025	Revenue Cap true up of Final Reset WACC (compared to Preliminary Reset WACC) for the period 1 July 2023 to 30 June 2024

1. *The date Network provided the Chair of the Rail Industry Group (RIG) and the QCA its preliminary response to the ICAR, which set out the proposed options to address the capacity deficits identified in each coal system by the Independent Expert in the ICAR triggering an increase in the WACC from 5.90% to 6.30%*
2. *Preliminary WACC Reset submitted to QCA (July 2022), based on market parameters in June 2022*
3. *Debt Risk Premium - 2.600% - BBB+ rated corporate bonds selected and calculated using criteria consistent with that adopted to calculate the debt risk premium in the QCA's 2018 Decision and using an average over the 20-Business Day period up to and including 30 June 2022 – Aurizon Network notes there is not a prescriptive methodology or criteria*
4. *Risk Free Rate - 3.474%– The average rate for Commonwealth of Australia Government nominal bonds using the RBA indicative mid rate with a term of 4 years. The averaging period reflects the 20 business days up to (and including) 30 June 2022*

WACC History



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

UT5 Undertaking

Revenue Protection Mechanisms

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

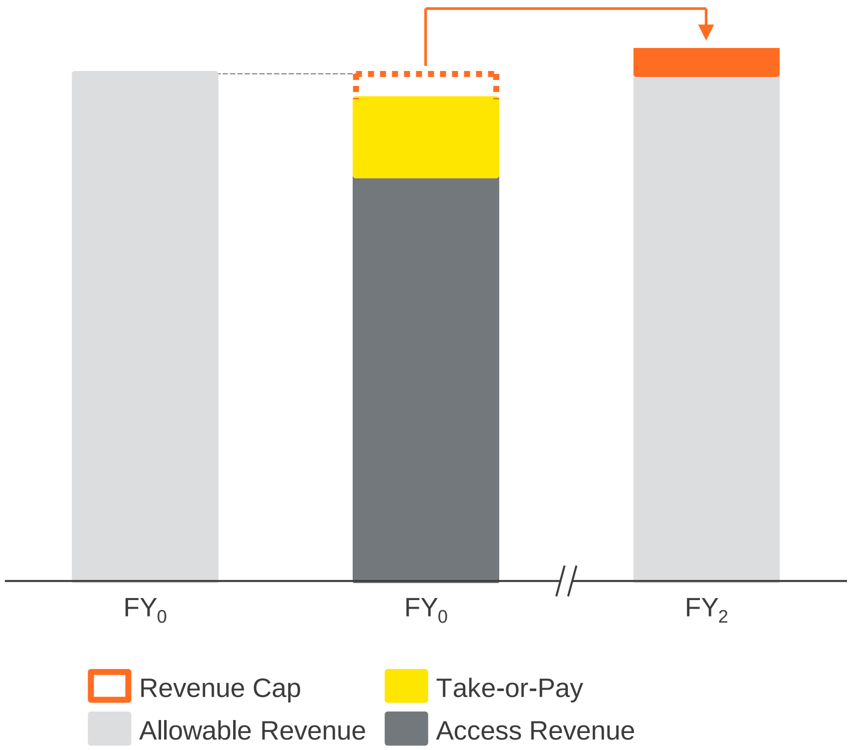
The MAR forms the basis for calculating reference tariffs[1] and determining $AT_{2\text{-}4}$ and AT_5 *Allowable Revenue (AR)*

Where system volume is less than the regulatory approved volume forecast, protection mechanisms come into effect to address the revenue shortfall[2]

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

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

INDICATIVE SYSTEM REVENUE PROTECTION MECHANISM



1. Tariffs (All Systems): AT1 Incremental Maintenance (Gross Tonne Kilometre-based), AT2 Incremental Capacity (Path-based), AT3 Allocative (Net Tonne Kilometre-based), AT4 Allocative (Net Tonne-based). Tariffs (Electric Systems only): AT5 Electric Access (Electric Gross Tonne Kilometre-based).
2. In the event that revenue collected exceeds the Allowable Revenue, the protection mechanisms will return the surplus revenue to access holders
3. Excludes AT5 tariff

UT5 Undertaking

Regulatory Asset Base (RAB)

ELEMENT	DETAIL
Rollforward RAB	› This represents the value of Network assets for regulatory purposes › Each year Network rolls forward the RAB adjusting for indexation, depreciation, disposals, transfers and the addition of approved capex › The FY2021 RAB rollforward was approved by the QCA on 13 June 2022 and was also incorporated in reference tariffs for FY2023. › The estimated value of the RAB rollforward at 1 July 2022 is $5.4b. This excludes $0.3b of Access Facilitation Deeds (AFDs)

UT5 Undertaking

Building Blocks

BUILDING BLOCK	DETAIL
Return on capital (WACC)	› 5.70% from 1 July 2017 to 2 May 2019 › 5.90% from 3 May 2019 to 12 November 2021 (Report Date) › 6.30% from Report Date to 30 June 2023 › WACC reset at 1 July 2023 (reset of risk free rate and debt risk premium)
Maintenance	› Comprises direct costs – those relating to maintenance activities performed on the CQCN and indirect costs – including the return Network recovers on its investment in maintenance assets (e.g. resurfacing plant) and a return on inventory held for maintenance purposes › Note ballast undercutting has been reclassified to the capital indicator under transitional arrangements from FY2020 › Maintenance costs are pass through and approved annually by customers through consultation for FY2021 onwards
Return of capital (Depreciation)	› RAB roll forward › FY2021 onward – capital is determined on an annual basis in consultation with customers › Reset of inflation to occur at 1 July 2023, applying same methodology as UT5 Final Decision › Asset life reset will occur at 1 July 2023 (under the UT5 Final Decision this would have occurred 1 July 2021) › Existing depreciation approach to be retained, including 20-year rolling depreciation for assets included in the RAB post 1 July 2009
Operating expenditure	› Includes all costs associated with train control, scheduling, customer, finance and regulation. It also includes corporate overheads for the operation of the business, along with insurance, transmission and connection costs and other operating costs › From FY2022 operating expenditure allowance uses FY2021 as base, with an uplift applied where CPI increases above 2.37% › Any efficiency savings achieved in relation to operating expenditure will be retained by Aurizon over the life of the UT5 Undertaking › Exception is transmission and connection costs which are pass through to customers
Tax	› Tax allowance calculated on same basis as UT5 Final Decision

UT5 Undertaking

Rebate Mechanism

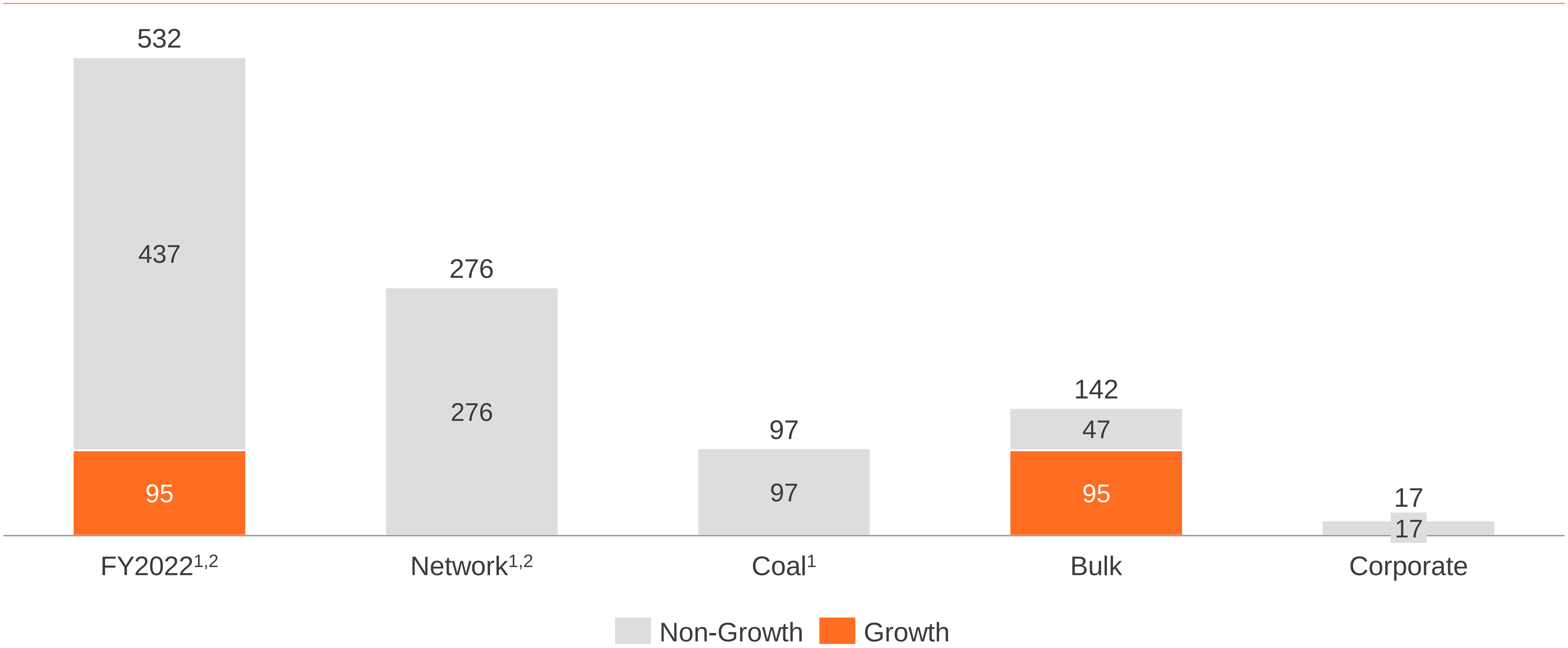
ELEMENT	DETAIL
Mechanism	› A customer will be entitled to a rebate from Network where it has received less than its annual contracted capacity, as assessed by the Independent Expert, as a result of Network’s performance below target levels › Targets to commence after the Initial Capacity Assessment has been completed and will align with the operating parameter assumptions applied in the Initial Capacity Assessment › Will only include matters that are within Network’s control – i.e. excludes issues related to Above Rail, port, mine, weather and other force majeure related events › Exposure to a customer under the rebate mechanism is limited to access charges they would have paid for the contracted paths not delivered as a result of Network’s performance below target levels
Review	› In January 2023, if requested by an End User, the QCA will review whether the rebate mechanism has been effective – measured against the defined Rebate Objectives › If QCA determines the objectives have not been met in a material way then the QCA may recommend changes to the UT5 Undertaking to ensure the Rebate Objectives are achieved › If Network does not agree with the QCA’s recommendation, Network and customers will seek to agree appropriate modifications to the mechanism. Failing that, the WACC will be reduced by 30 basis points and the rebate mechanism will be removed from the UT5 Undertaking

Additional Information: Capital Expenditure

Picture: Aurizon coal train departing Toowoomba depot

AURIZON

FY2022 group and business unit capital expenditure ($m)



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

Glossary

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

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