



Aurizon Holdings Limited  
ABN 14 146 335 622

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**BY ELECTRONIC LODGEMENT**

16 December 2022

**Aurizon announces sale agreement for East Coast Rail**

Please find attached a media release for announcement to the market.

Yours faithfully,

**David Wenck**  
Company Secretary

*Authorised for lodgement by Aurizon Holdings Limited's Board of Directors.*

# ASX Announcement

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**Date:** 16 December 2022

## Aurizon announces sale agreement for East Coast Rail

Aurizon today announced it has signed a binding sale agreement with Magnetic Rail Group Pty Ltd (Magnetic), to acquire the East Coast Rail (ECR) business. After expected completion adjustments, Aurizon will receive cash proceeds of approximately \$425 million which represents the equity value of ECR. The purchaser will also assume ECR's existing debt facilities (which originally totalled \$500 million). No capital gains tax is expected and completion is targeted for early 2023, with \$125 million of the proceeds to be deferred for 12 months.

Magnetic is a wholly owned subsidiary of Magnetic Infrastructure Group Pty Ltd, which is an incorporated 50:50 joint venture ultimately owned by M Infrastructure Group Pty Ltd and PT Asian Bulk Logistics (ABL).

ECR is the One Rail Australia coal haulage business with operations in New South Wales and Queensland. This divestment is in accordance with Aurizon's Undertaking to the Australian Competition and Consumer Commission (ACCC), as part of its acquisition of One Rail Australia (ORA). Refer to ASX announcement "ACCC approves One Rail acquisition" dated 14 July 2022.

The ORA bulk and general freight assets have been integrated into the Aurizon business and are now referred to as Aurizon Bulk Central. These assets include the 2,200 kilometre Tarcoola-to-Darwin rail infrastructure, South Australian regional infrastructure, five rail yards, 68 active locomotives, over 1,000 active wagons and approximately 400 employees.

Aurizon undertook a dual-track process for the divestment of ECR, to be completed through either a trade sale or a demerger.

"The sale provides the best outcome for Aurizon and its shareholders, delivering a strong sale price and certainty in completing the divestment," said Managing Director & CEO Andrew Harding.

"We are pleased to have secured the sale of the ECR business and look forward to the transaction completing in early 2023.

"We have already successfully integrated the ORA bulk and general freight assets into our Bulk business and are excited about both the quality of these assets and the many opportunities for growth."

Completion of the sale of ECR is subject to approval by the ACCC.

ECR has continued to operate independently of Aurizon since the ORA acquisition finalised in July 2022, with an independent Board and management team. ECR will be classified as a discontinued operation in the half year financial statements, with the net profit after tax (NPAT) contribution shown separately to continued operations.

The positive earnings contribution from ECR for FY23 is expected to be more than offset by transaction costs and accounting adjustments on disposal, resulting in a net loss being recorded in the half year financial statements. The debt established on the acquisition of ECR will remain with that business under the same terms and structure as originally agreed.

Upon completion of the ECR sale, proceeds will initially be used to reduce Aurizon's debt and ultimately form part of Aurizon's available capital to be deployed consistent with its capital allocation framework.

A significant number of growth opportunities are currently available in the market, particularly in the Bulk business that includes the newly acquired Bulk Central. This includes rollingstock required for above-rail contracts and rail, port and terminal investments in Bulk Central. The deployment of capital over the long-term to support such opportunities will be assessed in the light of this framework, in order to ensure best value creation for shareholders.

Expected growth capital for FY23 and the interim dividend, will be provided at the FY23 interim results announcement in February 2023.

**For more information:**

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