



Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

3 May 2023

Macquarie Australia Conference Presentation

Attached for release to the market is a copy of the slide presentation to be delivered by Mr Andrew Harding, Managing Director & CEO, at a briefing at the Macquarie Australia Conference today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Nicole Alder".

Nicole Alder
Company Secretary

Authorised for lodgement by Nicole Alder, Company Secretary.



Macquarie Australia Conference

Andrew Harding
Managing Director & CEO

Photo: Aurizon train, south of Menzies in the Northern Goldfields, approximately 128kms north of Kalgoorlie, Blake Jones – Aurizon Tutor Drive (Central WA)



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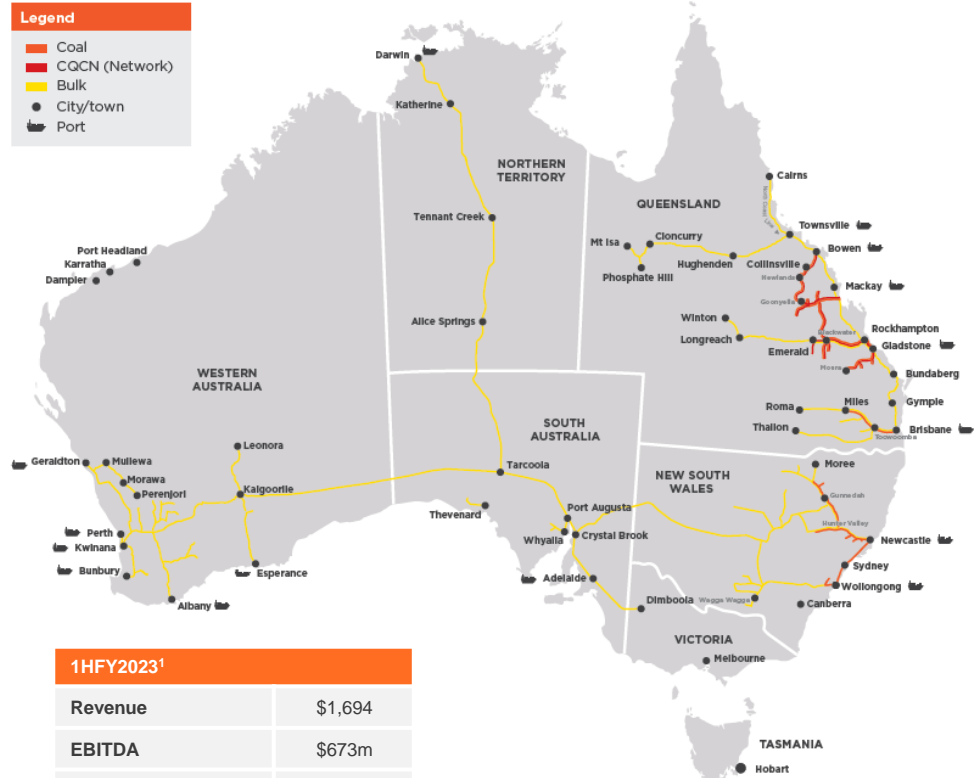
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Overview

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



1HFY2023 ¹	
Revenue	\$1,694
EBITDA	\$673m
EBIT	\$345m
ROIC	8.5%
People (FTE) ²	5,390

Network



- Operation of the Central Queensland Coal Network (2,670km), 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

Coal



- Largest hauler of metallurgical coal in Australia
- Only rail operator with services to all nine coal export terminals on East Coast
- Coal demand linked to Asian steel production and energy generation

Bulk



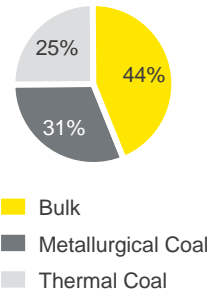
- Rail, road and port services operating in Queensland, Western Australia, South Australia, Northern Territory and New South Wales
- Commodities hauled linked with economic growth and minerals associated with new economy markets and food consumption
- Integrated rail business with 2,460km of track infrastructure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

Containerised Freight



- National linehaul network connecting Perth, Adelaide, Melbourne, Sydney and Brisbane, transporting critical freight
- Announced capacity of ~200,000 TEUs with cornerstone customer accounting for ~70% of capacity. First service in April 2023

COAL/BULK: REVENUE³

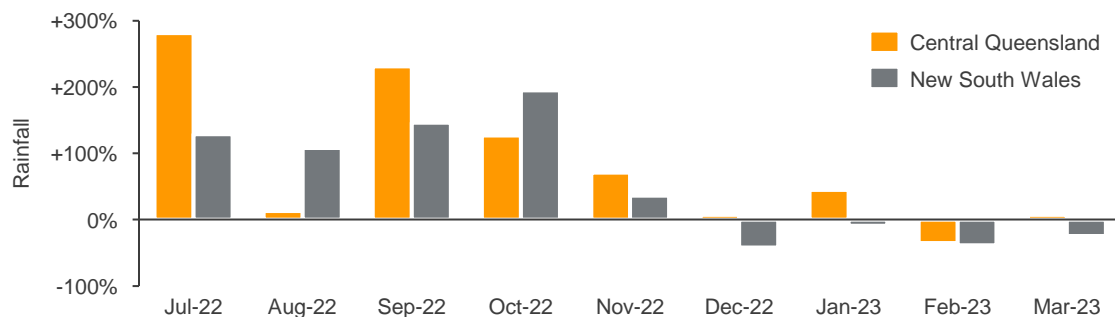


1. All amounts are underlying and on a continuing basis (unless otherwise identified)
 2. As at 31 December 2022
 3. Revenue (1HFY2023) is the sum of the Coal (excluding all track access) and Bulk (excluding external track access) business units and excludes the Network business unit

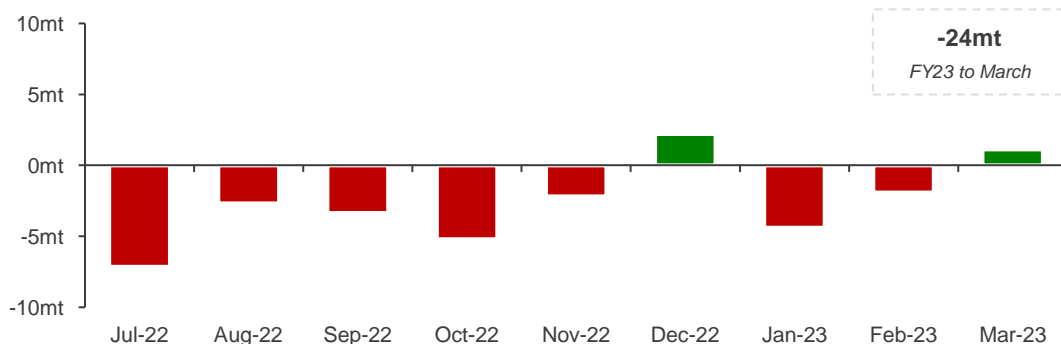
Market update

Despite a supportive demand environment, supply-side disruptions have impacted coal and bulk volumes

RAINFALL: CENTRAL QUEENSLAND & NEW SOUTH WALES¹
Change in rainfall compared to ten-year average²



CENTRAL QUEENSLAND AND HUNTER VALLEY: COAL EXPORT VOLUME³
year-on-year change (million tonnes)



Challenging operating environment

- › No change to the EBITDA guidance for FY2023 of \$1,420m to \$1,470m
- › The heavy rainfall continues to affect coal volumes but will be partially offset by the assumption that the take-or-pay revenue protection mechanism will trigger in two (of the four) systems in the Central Queensland Coal Network in FY2023
- › Heavy rainfall has impacted our Bulk operations (including in the March quarter), particularly in Western New South Wales and the Mount Isa region
- › Aurizon is also not immune from labour shortages with train drivers and electricians in short supply which, at times, is impacting our operations

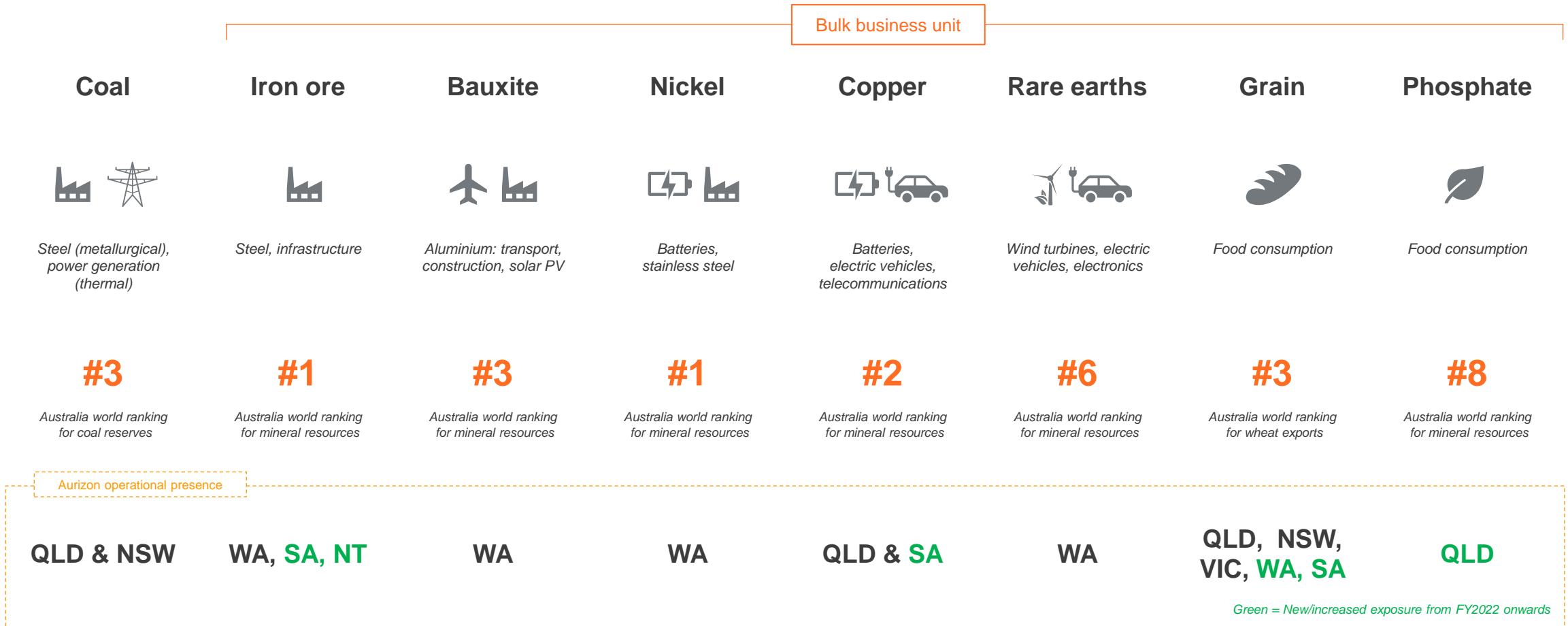
Recent coal industry developments

- › **India strong steel growth.** Australia's largest metallurgical coal trading partner produced a record 125mt of crude steel in 2022 (+6% on prior year), with demand expected to increase by a further 7.3% in 2023⁴
- › **Australia-China coal trade resumption.** After a two-year absence, China resumed importing Australian coal in January 2023
- › **New mining developments progressing.** Maxwell (Malabar Resources), a metallurgical coal project in Hunter Valley, is expected to export first coal in the June quarter. Olive Downs (Pembroke Resources), a greenfield metallurgical coal mine located in the Goonyella corridor, is expected to commence production in 1H-FY2024. Whitehaven has approved the early mining of Vickery, a metallurgical/thermal coal deposit in Hunter Valley, with production to begin mid-CY2024
- › **Resumption of mining operations at West Moreton mines.** New Wilkie Energy has announced scheduled first production at Wilkie Creek in mid-CY2023. New Hope Group has announced a resumption of production at New Acland in 2H-CY2023

1. Bureau of Meteorology (select rainfall districts in Central Queensland and New South Wales). Central Queensland: East Central Coast, West Central Coast, Central Highlands, Port Curtis. New South Wales: Central Western Plains (S) and (N) Northwest Plains (E) and (W) Northwest Slopes (S), Hunter, Central Tablelands (N), Central Western Slopes (N), Illawarra. 2. 10-year average from FY2013 to FY2021. 3. Port/Terminal export data. 4. World Steel Association (2022 crude steel production and April 2023 Short Range Outlook).

Exposure to New Economy Commodities

Aurizon has an existing operational presence across key Australian commodity exports, including those linked to supplying new economy markets



Investing in Bulk and Containerised Freight

In response to the growth opportunities presenting in the business, Aurizon is investing in new capacity including rollingstock, track, port and terminals

Embedding Bulk Central

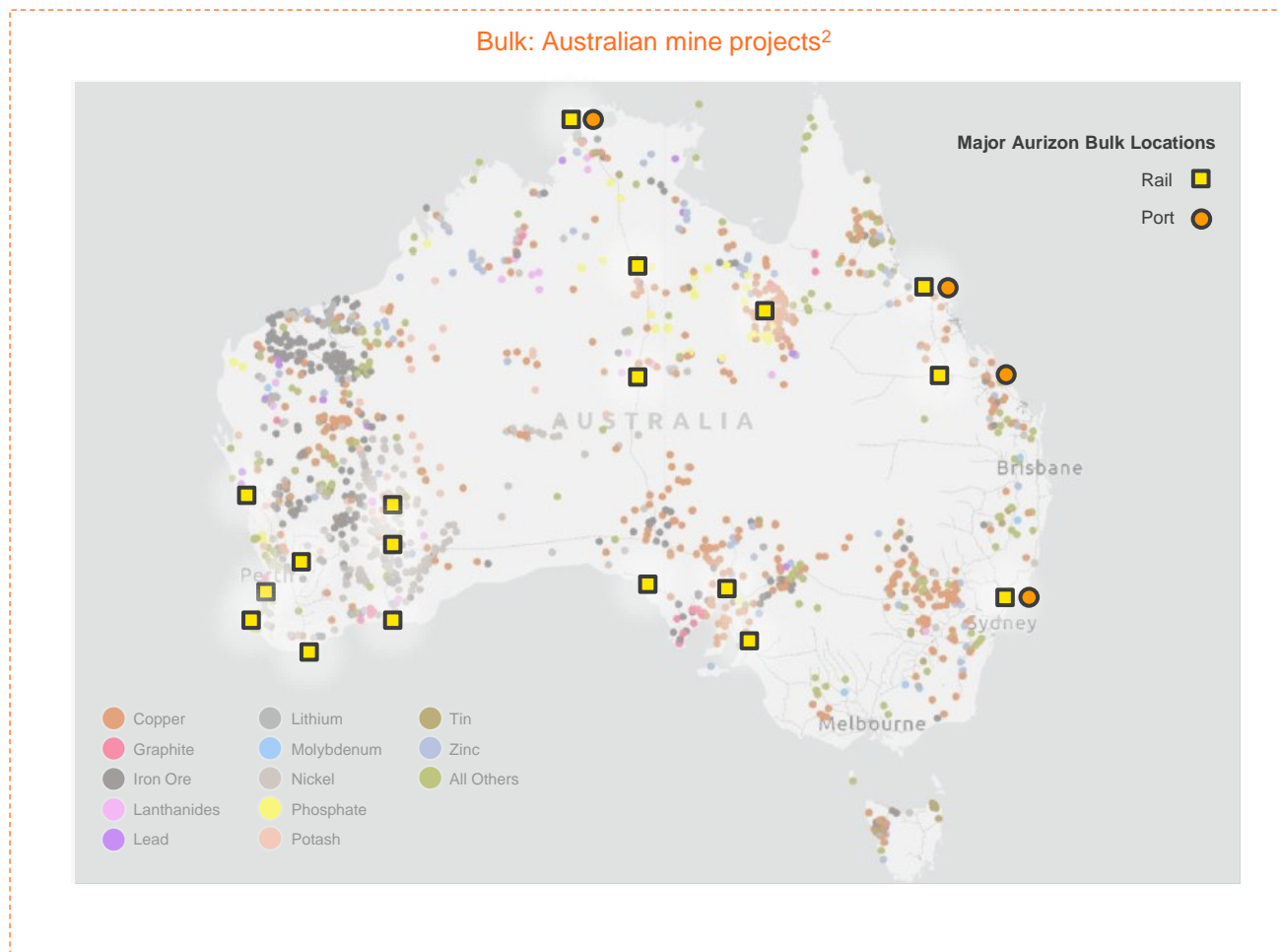
- › \$1.45bn acquisition completed July 2022 with integration into the Bulk business unit. Projected synergies on-track
- › Strong operational delivery performance to-date
- › Key Achievements¹:
 - Oz Minerals 5-year contract extension
 - SIMEC 3-year contract extension
 - Gypsum Resources Australia track investment and 10-year contract extension

Commercial Pipeline (Bulk)

- › ~200 opportunities worth over \$1.5b in annual revenue across all regions where Aurizon operates
- › Key commodities: Copper, Nickel, Iron Ore, Grain, Rare Earths, Vanadium, Lithium and Fertiliser

Capacity Investment

- › Capital investments to support capacity growth
 - Rollingstock (standard gauge to support all regions)
 - Terminal/Port equipment
 - Newcastle land acquisition



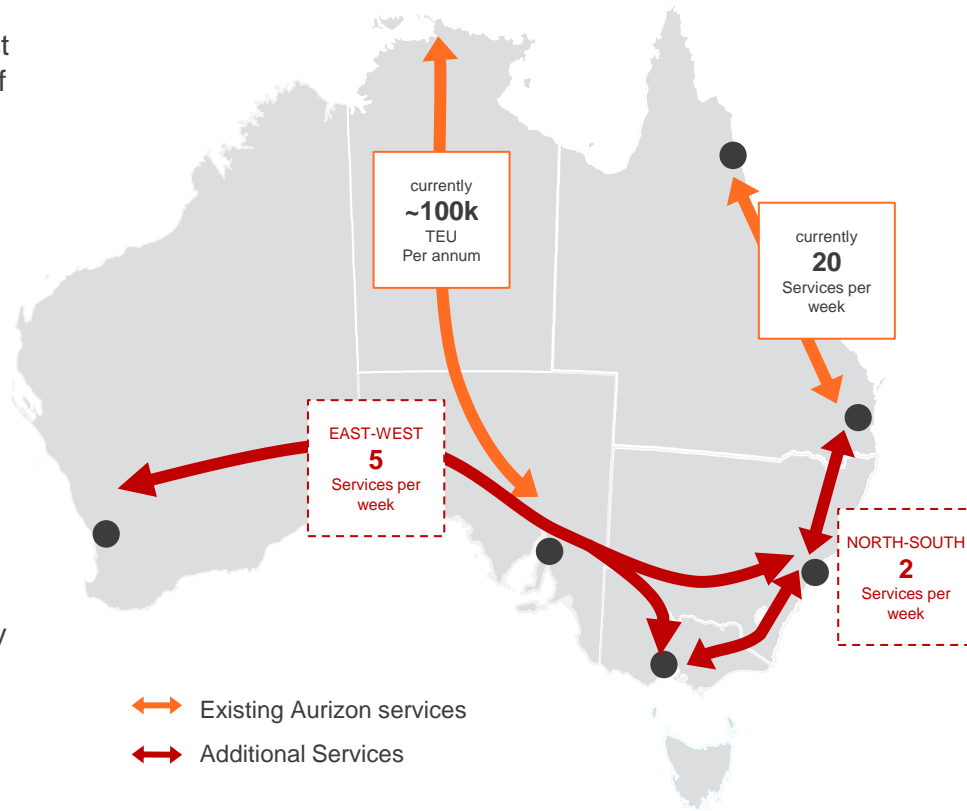
1. Includes contracts executed by One Rail Australia in July 2022

2. S&P Market Intelligence (Mine projects: Commodities excludes precious metals, Project status exploration to pre-production)

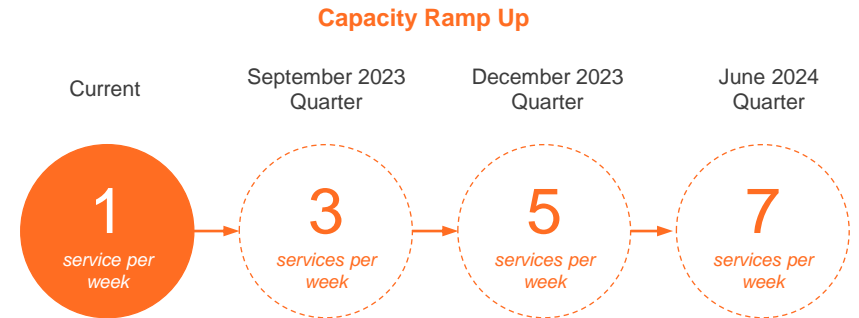
Expanding containerised freight service

Supported by Bulk Central infrastructure and a cornerstone customer, a national containerised freight service has been launched

- › Wholesale Line Haul operation with additional capacity of >200k TEU per annum (against an estimated rail market size of around one million TEUs per annum)
- › New services to operate East-West (Melbourne-Sydney-Adelaide-Perth) and North-South (Brisbane-Sydney-Melbourne)
- › Around two-thirds of the capacity to be East-West with the remaining one-third North-South¹
- › 11-year term contract with Team Global Express (formerly Toll Global Express) began in April 2023. Historical volumes equivalent to ~70% of new capacity
- › Strong demand on initial East-West service



April 2023: First Containerised Freight Service travelling from Adelaide to Kwinana



1. Pre-2017 Aurizon Intermodal capacity was split approximately one-third East-West and two-thirds North-South

Inflation & Interest Rates

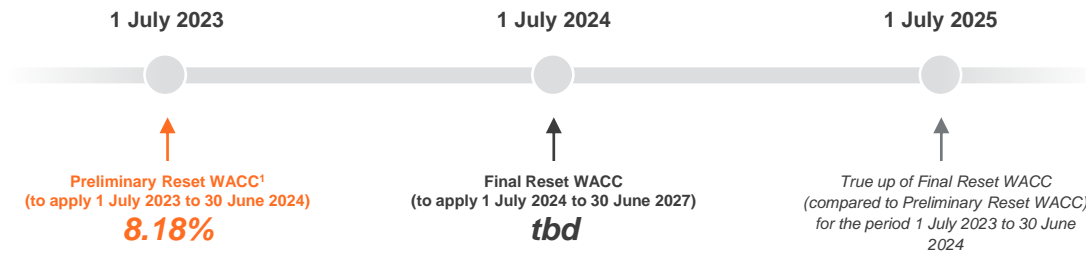
Aurizon has protections from elevated interest rates and inflation

Coal & Bulk: Revenue protection through CPI-linked rate escalations in almost all contracts

Enterprise agreements (EAs): Covering ~70% of EA workforce agreed to since December 2021

Network

UT5: WACC Reset Process

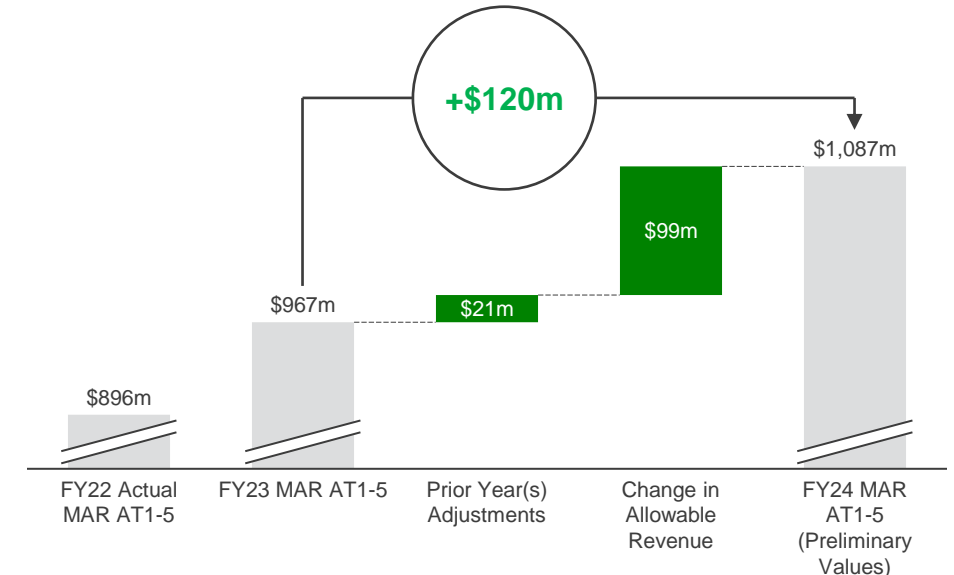


Preliminary WACC Reset based on market parameters in June 2022

	QCA 2018 Decision	Preliminary Reset	Change
WACC	6.30% <i>to 30 June 2023</i>	8.18% <i>From 1 July 2023</i>	+1.88ppts
<i>Debt Risk Premium¹</i>	<i>2.04%</i>	<i>2.60%</i>	<i>+0.31ppts</i> <i>+0.56% x 0.55 leverage</i>
<i>Risk Free Rate²</i>	<i>1.90%</i>	<i>3.47%</i>	<i>+1.57ppts</i>

Network (excluding GAPE): Adjusted Maximum Allowable Revenue (MAR)

Updated WACC and forecast inflation (in addition to adjustments) to add **\$120m** to Adjusted Maximum Allowable Revenue for FY2024



1. 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. 2. 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.



Photo: Bulk Central opening event at Dry Creek (SA)

Contact and further information

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