15 February 2021

1HFY2021 Results

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

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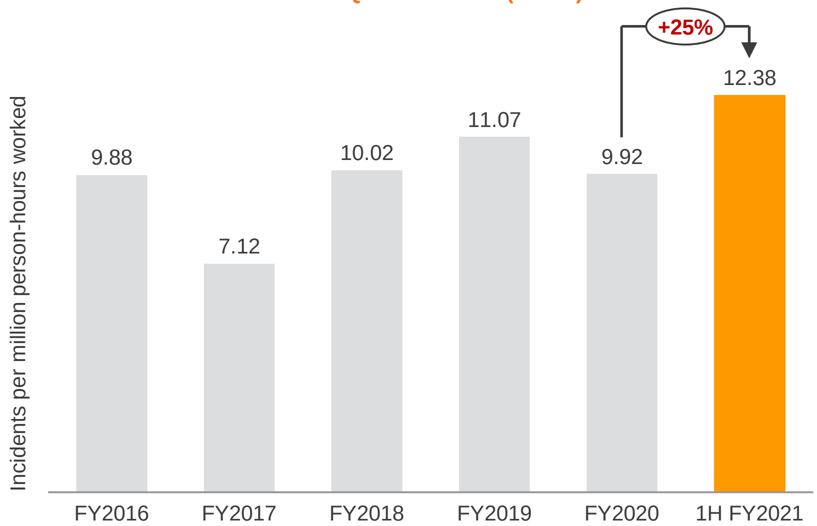
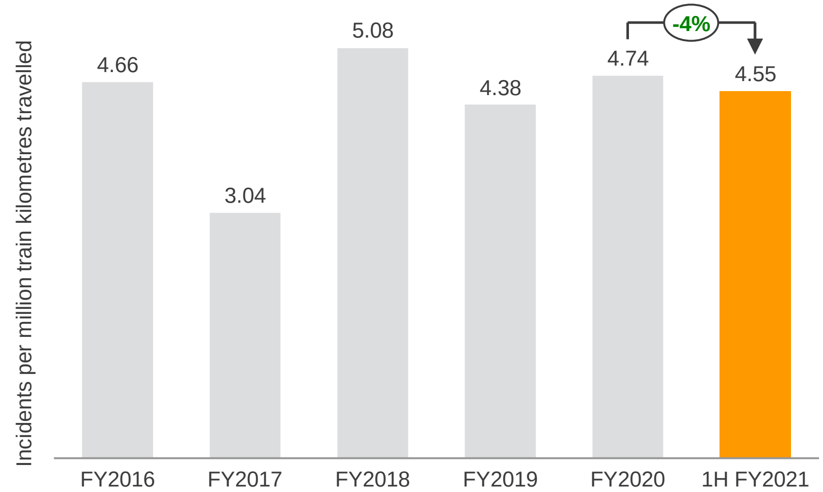
Safety performance

TRIFR results driven by low-severity strain injuries with LTIFR improving 30%

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1]

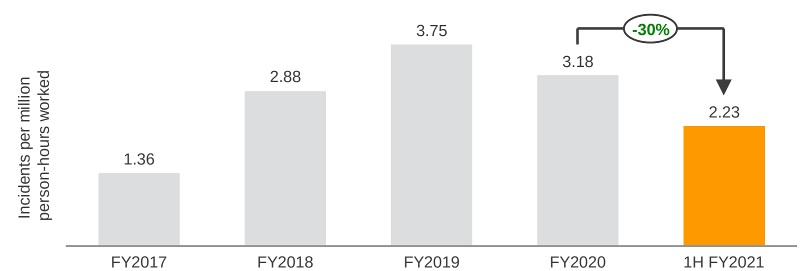


RAIL PROCESS SAFETY (RPS)



- Higher numbers of low severity body sprains from walking on uneven ground and upper body manual handling strains
- Moderate improvement in RPS (fatality prevention measure), with further benefits from key programs such as TrainGuard
- COVID-19 protocols remain in place to ensure wellbeing of employees

LOST TIME INJURY FREQUENCY RATE (LTIFR)[2]



1. TRIFR includes employees and contractors
2. LTIFR includes employees and contractors. FY2016 not presented due to excluding contractors.

Performance overview

Andrew Harding
Managing Director & CEO

AURIZON

1HFY2021 highlights[1]

Increase to shareholder distributions with dividend per share up 5%. EBIT flat despite soft coal volume environment with strong Bulk performance and $49m retrospective WIRP fee.

GROUP EBIT	STATUTORY NPAT	ROIC	FREE CASHFLOW
$454m -	$267m down 22%[2]	10.8% up 0.3ppts	$288m down 38%[2]

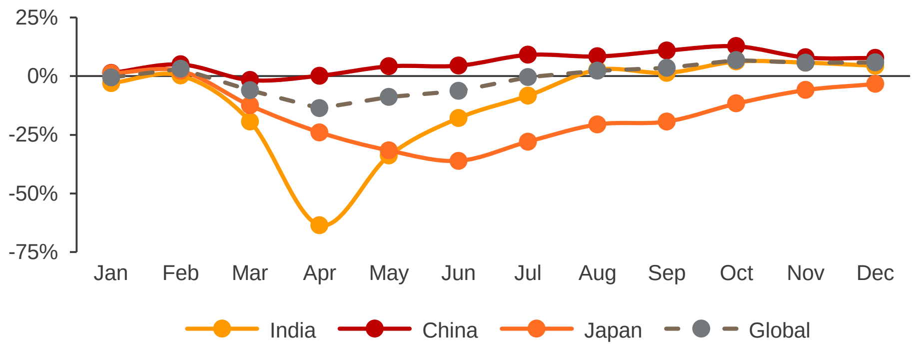
NETWORK COAL VOLUME	ABOVE RAIL COAL VOLUME	INTERIM DIVIDEND[3]	CAPITAL MANAGEMENT
103.7mt down 11%	101.8mt down 4%	14.4c up 5%	$247m of $300m FY2021 buy-back completed

1. Compared with 1HFY2020. All figures underlying unless otherwise stated
2. 1HFY2020 included the sale of Rail Grinding. Proceeds: $165m, Net Profit After Tax: $105m
3. Interim dividend 70% franked. Ex-Dividend Date: 1 March 2021, Record Date: 2 March 2021, Payment Date: 31 March 2021

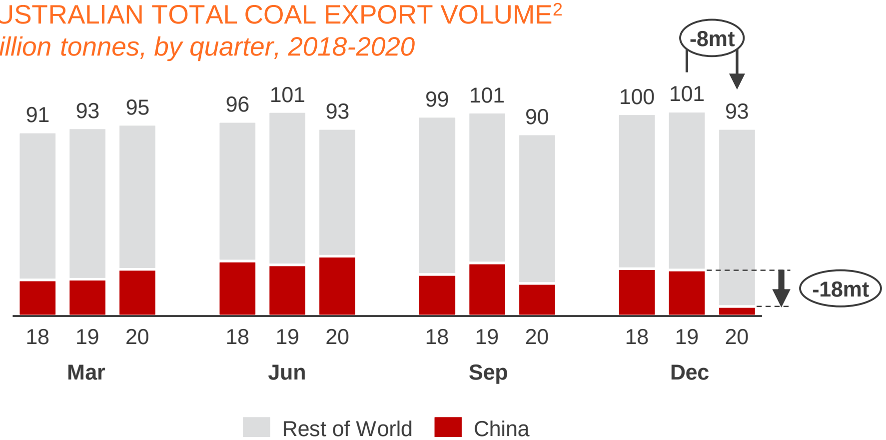
Coal – Market update

Although steel production has resumed to a pre-COVID level, a challenging trade environment with China is impacting near term export volume

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



AUSTRALIAN TOTAL COAL EXPORT VOLUME[2]
Million tonnes, by quarter, 2018-2020



- **Global steel production –** returned to pre-COVID levels, including record crude steel production in China for 2020 (1.05 billion tonnes)
- **China trade environment is challenged –** Australian total coal export volume to China was down by 18mt (-79%) in the December quarter with 53 vessels[3] holding Australian coal remain off the coast of China
- **Alternative export destinations have been found –** however it has not completely offset the negative impact, with 10mt being redirected to markets outside China
- **Fundamentals of Australian coal –** Despite longer-term expectation that China's participation in seaborne markets will reduce, export growth of ~1% per annum over next decade is supported by:
  - Steel-intensive growth in India
  - Prolonged coal-fired generation driven by a relatively young existing fleet in Asia

1. World Steel Association
2. Australian Bureau of Statistics
3. As at 12 February 2021

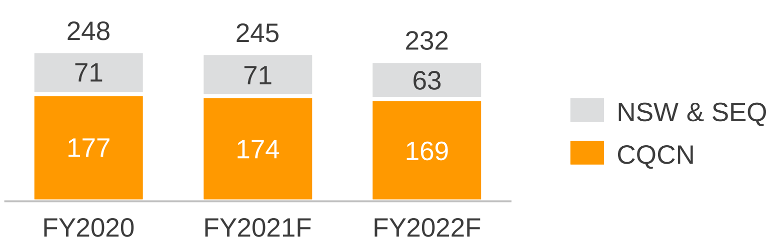
Coal – Business update

Haulage volumes expected to grow in FY2022, increasing contract utilisation. Operational efficiencies designed to mitigate revenue pressures

CUSTOMER UPDATE

- FY2021 haulage volume outlook of 200-210mt (prev. 210-220mt)
- Haulage volume growth expected in FY2022, but contracted volumes fall to 232mt:
  - **Stanwell –** unsuccessful in retaining 3.2mt domestic contract (ended Dec 2020)
  - **New Hope** – 5.2mt contract for New Acland ends Dec 2021 (end of mine life)
  - Lower volume nominations from some customers
- 56% of customer contracted volumes >7 years
- Competitive market driving contract rates lower

FORECAST COAL CONTRACTED VOLUMES[1] (MT)



OPERATIONAL EFFICIENCIES

- Short-term initiatives when demand is lower: accelerate annual leave, reduce overtime and standing down train consists
- Long term initiatives:
  - Precision – *Disciplined Train Operations* extended to Goonyella and Newlands (already operating in Blackwater/Moura)
  - Precision – *Modern Scheduling* operating in Newlands and being rolled out to Blackwater/Moura with Goonyella to follow in FY2021
  - TrainGuard – Operational demonstration of TrainGuard completed in FY2020. Preparations continue for TrainGuard's deployment on the Blackwater mainline, scheduled for 2HFY2022

TrainGuard testing on Blackwater line

1. *This represents the contracted tonnes as at 31 December 2020 and includes known nominations*

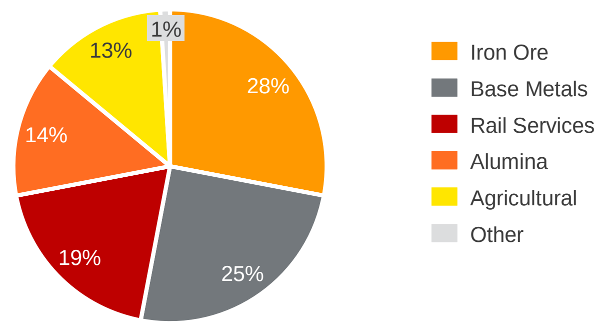
Bulk update

Strong performance continues with revenue up 8% from higher volumes. Aurizon Port Services expands product offering with acquisition of ConPorts in Newcastle

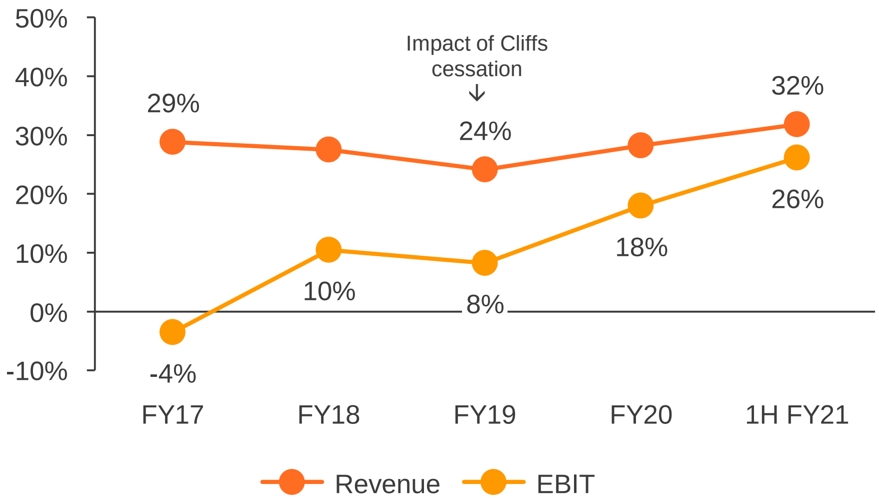
CUSTOMER UPDATE

- **CBH –** short-term contract for the haulage of grain into the Port of Geraldton
- **Mineral Resources** – expansion of services (beyond Esperance) with additional iron ore services into Kwinana
- **BHP Nickel West –** unsuccessful in recontracting the "Reform" contract. Railings to cease in March 2021

REVENUE BY COMMODITY[2]



BULK SHARE OF ABOVE RAIL REVENUE[1] & EBIT



NEW ACQUISITION: CONPORTS (AURIZON PORT SERVICES NEWCASTLE)

- Bulk export terminal and shiploading facility located at the Port of Newcastle
- Adjacent berth and rail lines
- Primary exports: Copper and Zinc concentrate

1. Excluding Access
2. 1HFY2021. Base metals includes associated mining inputs (and rare earths). Rail services includes hook and pull contracts. Revenue is net of Access.

Network update

WIRP fees commenced during the period, with potential upside from appeal of Expert's Determination. UT5 capacity assessment expected September 2021 quarter

WIGGINS ISLAND RAIL PROJECT (WIRP)

- Queensland Court of Appeal dismissed customers' appeal on payment of WIRP fees
- WIRP fees of $55m recognised including $49m relating to FY2016-FY2020. Ongoing WIRP Fees (~$11m) payable until Aug 2035
- Appeal of Expert's Determination commenced in December – outcome along with finalisation of cost variation factor will determine final amount payable

Wiggins Island Rail Loop

UT5 UPDATE

- Finalisation of Initial Capacity Assessment by Independent Expert expected in September 2021 quarter
- UT5 tariffs assumed 1 March 2020 Report Date (triggering WACC uplift from 5.9% to 6.3%)
- FY2022 maintenance and capital submission due to Rail Industry Group 28 February 2021

VOLUMES / REVENUE

- Based on 1HFY2021, annual volumes will be lower than the approved tariff forecast of 239mt resulting in revenue under-recovery
- Expected Take-or-Pay recoveries in FY2021 will reduce revenue cap in FY2023
- Revenue cap for FY2023 will include an adjustment for WACC (due to delayed Report Date)

Other matters

Progress made in court cases

SALE OF ACACIA RIDGE TERMINAL	› 8 December 2020: High Court dismissed the ACCC's application for special leave clearing way for the sale ($170m proceeds remaining) › 2 February 2021: Foreign Investment Review Board (FIRB) approved the transaction › Expected completion on 26 March 2021
WIGGINS ISLAND RAIL PROJECT (WIRP)	› 1 September 2020: Customers' appeal relating to payment of non-regulated WIRP fee dismissed by Queensland Court of Appeal › Aurizon has commenced proceedings in the Supreme Court of Queensland to appeal the Expert's Determination
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
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

1HFY2021 Financial Performance

George Lippiatt
CFO & Group Executive Strategy

AURIZON

Key financial highlights[1]

EBIT performance driven by Bulk (volume growth) and Network (WIRP) offsetting lower Coal (volumes)

$m	1HFY2021	1HFY2020	Variance	2HFY2020
Revenue	1,498	1,529	(2%)	1,536
Operating Costs	(760)	(797)	5%	(800)
Depreciation & Amortisation	(284)	(276)	(3%)	(283)
EBIT: Underlying	454	456	-	453
EBIT: Statutory	454	561	(19%)	453
NPAT: Underlying	267	269	(1%)	263
NPAT: Statutory	267	343	(22%)	262
EPS: Underlying (cps)	14.1c	13.6c	4%	13.6c
EPS: Statutory (cps)	14.1c	17.3c	(18%)	13.7c
ROIC (%)	10.8%	10.5%	0.3ppt	10.9%
Operating Ratio (%)	69.7%	70.2%	0.5ppt	70.5%
Free Cash Flow	288	465	(38%)	250
Interim Dividend per share	14.4c	13.7c	5%	13.7c
People (FTE)	4,840	4,645	(4%)	4,754

- Revenue decrease from Coal (lower volumes) and Other (sale of Rail Grinding business in prior year)
- WIRP fees mostly offset lower access revenue (due lower volume) for Network
- Operating costs reflect lower Coal and Network volumes and ongoing operating efficiencies which more than offset a cost increase in Bulk (due to higher volumes)
- Interim dividend is based on 100% payout ratio of underlying continuing NPAT (sixth consecutive year)
- Free cash flow decrease due to Rail Grinding proceeds in prior year

1. Continuing operations

Coal

EBIT impacted by lower volumes

$m	1HFY2021	1HFY2020	Variance	2HFY2020
Above rail	584	629	(7%)	632
Track access	230	259	(11%)	254
Other	1	1	-	1
Total Revenue	**815**	**889**	**(8%)**	**887**
Access costs	(229)	(257)	11%	(251)
Operating costs	(312)	(325)	4%	(326)
Depreciation	(103)	(101)	(2%)	(105)
EBIT	**171**	**206**	**(17%)**	**205**
Tonnes (m)	101.8	106.3	(4%)	107.6
NTKs (b)	23.7	24.8	(4%)	25.2

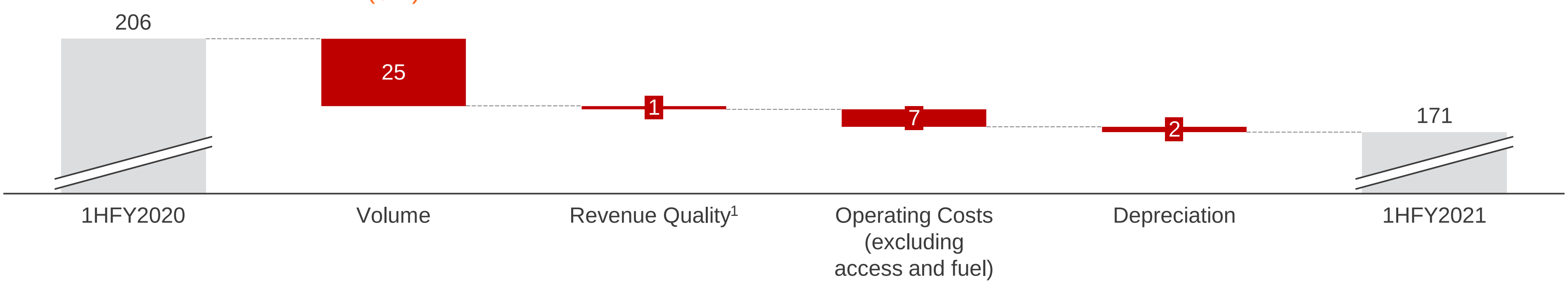
Revenue

- Volumes down 4% impacted by lower end market demand and customer specific maintenance and production issues
- Revenue quality impacted by reduced rates, partly offset by recovery of prior period capacity charge dispute

Costs

- Higher operating costs impacted by rollingstock maintenance
- Depreciation movement in line with increased wagons and overhaul activity

COAL EBIT PERFORMANCE ($M)



1. Revenue quality is non-volume related change in revenue, access and fuel

Bulk

Revenue growth driving strong EBIT performance

$m	1HFY2021	1HFY2020	Variance	2HFY2020
Revenue	**322**	**297**	**8%**	**312**
Access costs	(48)	(65)	26%	(46)
Operating costs	(200)	(179)	(12%)	(209)
Depreciation	(13)	(9)	(44%)	(11)
EBIT	**61**	**44**	**39%**	**46**
Tonnes (m)	26.3	23.6	11%	24.5

Revenue

- Revenue higher through new contract growth

Costs

- Higher operating costs from new contracts offset in part by operational efficiencies
- Access costs reduced as a result of the transfer of access rights directly to customer
- Depreciation increased due to investment in new customer contracts and the Aurizon Port Services (Townsville) acquisition in 2HFY2020

BULK EBIT PERFORMANCE ($M)

1. Revenue quality is non-volume related change in revenue, access and fuel

Network

EBIT growth from commencement of WIRP fees offsetting lower volumes

$m	1HFY2021	1HFY2020	Variance	2HFY2020
Track access	569	565	1%	567
Services & other	24	31	(23%)	26
Revenue	**593**	**596**	**(1%)**	**593**
Energy & fuel	(51)	(54)	6%	(55)
Other operating costs	(135)	(147)	9%	(134)
Depreciation	(166)	(163)	(2%)	(167)
EBIT	**241**	**232**	**4%**	**237**
Tonnes (m)	103.7	116.6	(11%)	110.3
NTKs (b)	26.0	29.0	(10%)	27.2

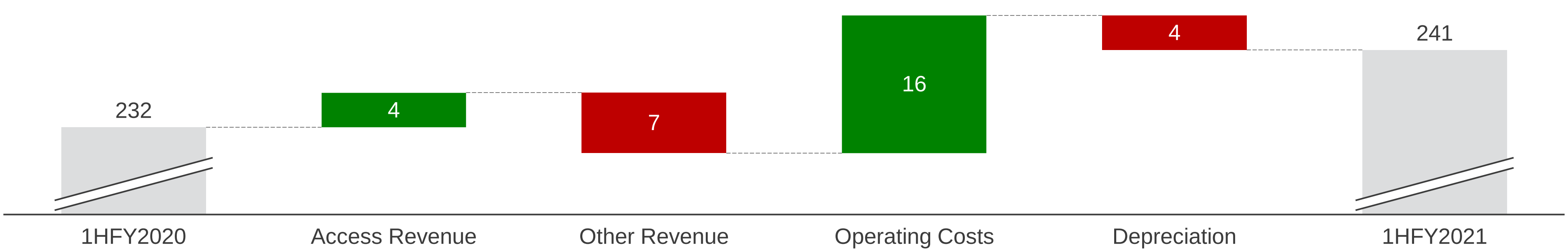
Revenue

- Commencement of WIRP fees including retrospective amount offset by access revenue under recovery due to lower volumes

Costs

- Improvement in operating costs from lower external construction costs, electric traction charges and employee costs driven by cost saving initiatives
- Depreciation increased due to increased levels of asset renewals and ballast undercutting

NETWORK EBIT PERFORMANCE ($M)

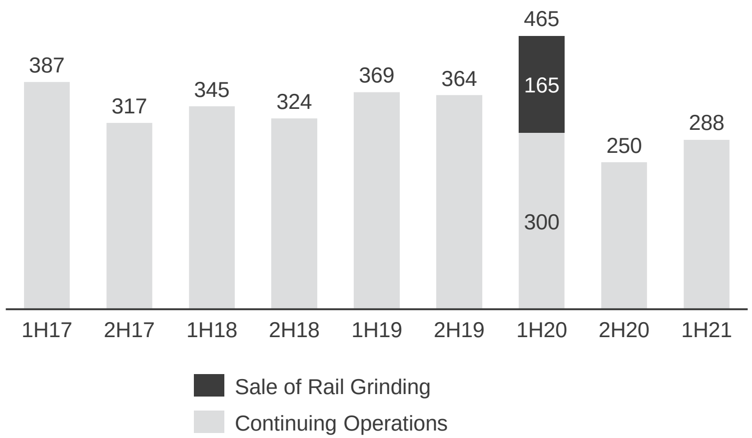


Due to rounding, the components in the table and waterfall may not necessarily align

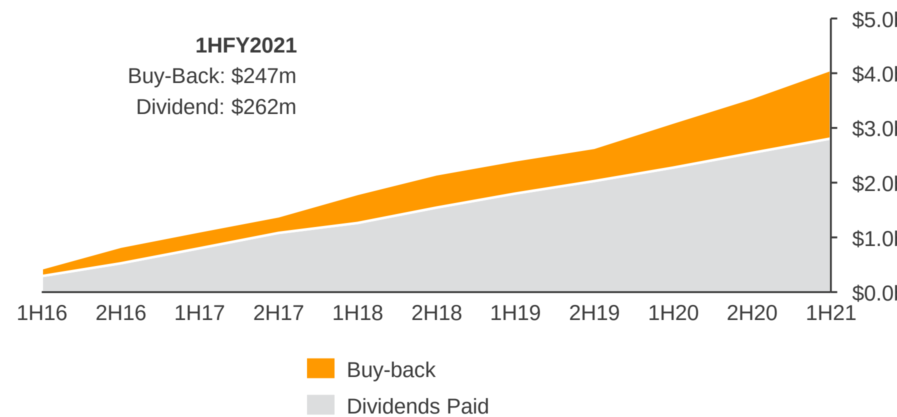
Cashflow and shareholder returns

Consistent free cash flow generation has delivered over $4b in shareholder distributions over the past six years including $1.3b in buy-backs, with dividends maintained at 100% of NPAT

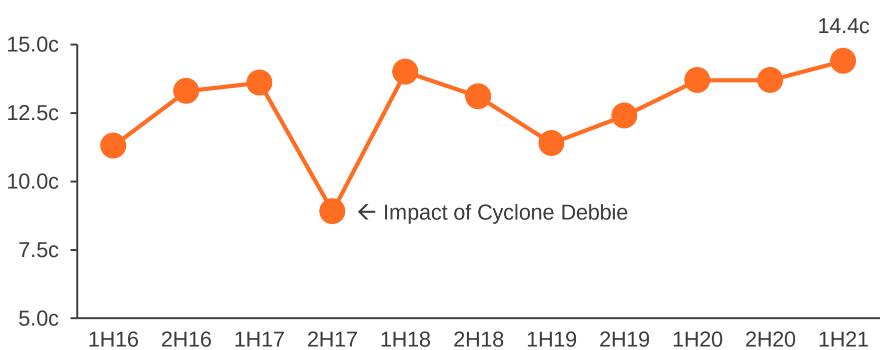
FREE CASH FLOW[1] ($M)



CUMULATIVE SHAREHOLDER RETURNS SINCE FY2016 ($b)



DIVIDENDS PER SHARE (cents)



ATO DECLARATORY RELIEF PROCEEDINGS

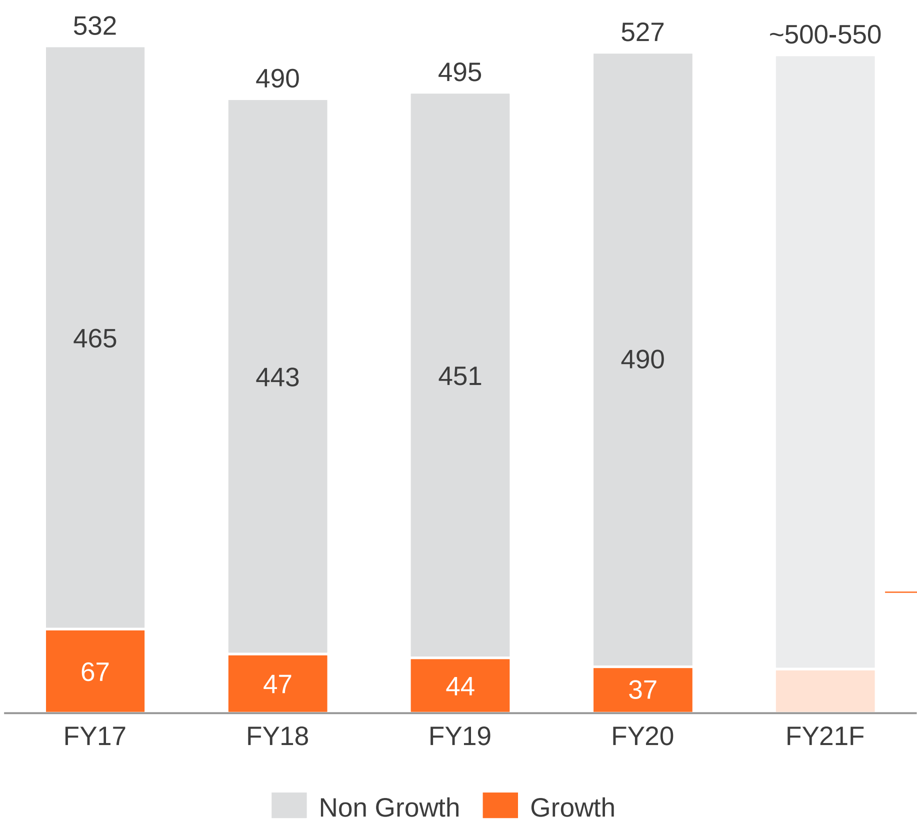
- November 2020: Aurizon commenced proceedings in the Federal Court seeking a declaration from the Court that the Capital Distribution account is share capital for the purposes of the tax law
- Adverse outcome does not impact the ability to execute future on-market buy-backs but may impact short term dividend franking levels

1. FY2016 not shown due inclusion of Intermodal

Capital expenditure

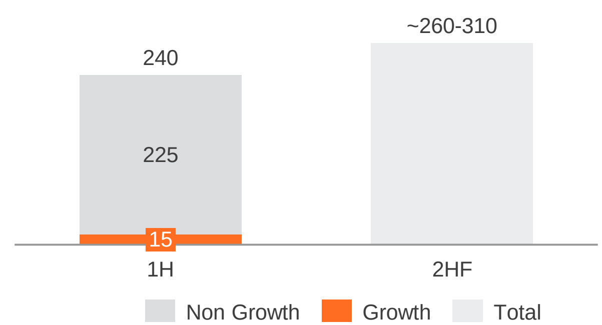
Capital expenditure forecast for FY2021 remains at $500m - $550m

CAPITAL EXPENDITURE[1] ($M)



- Capital expenditure guidance for FY2021 remains at $500m - $550m
- FY2021 Growth capex relates to wagons for Queensland Coal (delayed from FY2020) and locomotives for Bulk
- Long-term stay-in-business capital expectations of ~$500m per year

FY2021: CAPITAL EXPENDITURE[1] ($M)



Excludes $63m of expenditure in FY2021 relating to acquisitions including ConPorts

1. FY2021 Group capital expenditure net of externally funded projects and includes capitalised interest

Funding update

Consistent with strategy, increase in leverage continues with surplus capital deployed to capital management. Re-financing activities to reduce interest costs over time

1HFY2021 FUNDING ACTIVITY

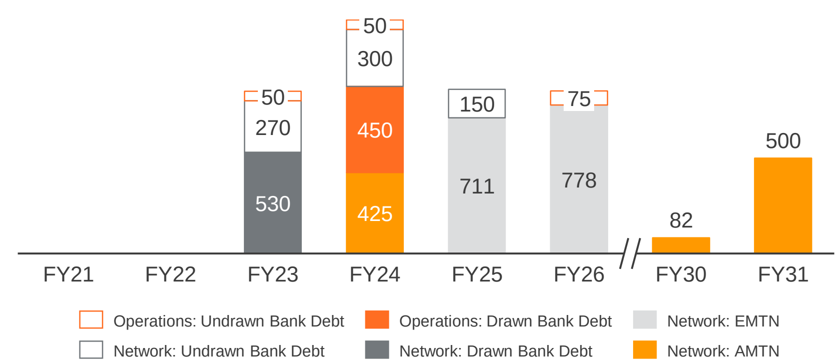
- **Network –** issued a 10-year, $500m A$ Medium Term Note (AMTN) in September 2020, with a coupon of 2.9% per annum. Proceeds were used to repay AMTN maturing in October 2020
- **Aurizon Operations –** increased bilateral bank debt facilities by $175m to $625m maturing in 2023 and 2025

INTEREST RATES

- Group debt is 89% fixed until end of FY2021 and 86% for FY2022 and FY2023
- Floating exposure beyond FY2023 to align with Network WACC reset
- Interest costs expected to trend lower consistent with hedging profile

KEY DEBT METRICS	1HFY2021	1HFY2020
Weighted average maturity[1]	4.5 years	4.0 years
Group interest cost on drawn debt	4.3%	4.5%
Group Gearing[2]	47.8%	42.0%
Network Gearing[3] (incl AFDs[4])	61.3%	58.1%
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/Regulated Asset Base
4. Access Facilitation Deed

Outlook & Key Takeaways

Andrew Harding
Managing Director & CEO

FY2021 outlook

Group EBIT guidance now $870m – $910m

KEY ASSUMPTIONS

- **Coal**
  - Volumes revised to 200-210mt (from 210-220mt) based on current market conditions including a challenging China trade environment
- **Network**
  - CQCN volumes will be lower than QCA approved forecast of 239mt based on 1HFY2021 run-rate, resulting in revenue under-recovery
  - Expected Take-or-Pay recoveries in FY2021 will reduce revenue cap in FY2023
  - Includes ~$40m net retrospective WIRP fees ($49m revenue less expected associated costs)
- Redundancy costs included in guidance (reported in 'Other' segment)
- No material disruptions to commodity supply chains (such as adverse weather and/or COVID-19)

Investor Day June 2021

Strategy delivers results

Aurizon's strategy enables the delivery of shareholder value

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

Capital management opportunities where surplus capital available

Completed   Continued Focus

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Additional Information: ESG

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Sustainability

2020 was the fourth year of TCFD disclosure for Aurizon

Reporting Approach

- Aurizon takes a direct approach to reporting environmental, social and governance (ESG) disclosures with the publication of the annual Sustainability Report
- In September 2020, Australian Council of Superannuation Investors (ACSI) rated Aurizon's ESG disclosures as *Leading* for the sixth consecutive year
- As at December 2020, Aurizon participates in FTSE4Good Index Series, MSCI ESG Ratings and Sustainalytics
- During 2020, Aurizon released its first Modern Slavery Statement and Climate Strategy & Action Plan
- **Aurizon's FY2020 Sustainability Report was 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)

FTSE4Good

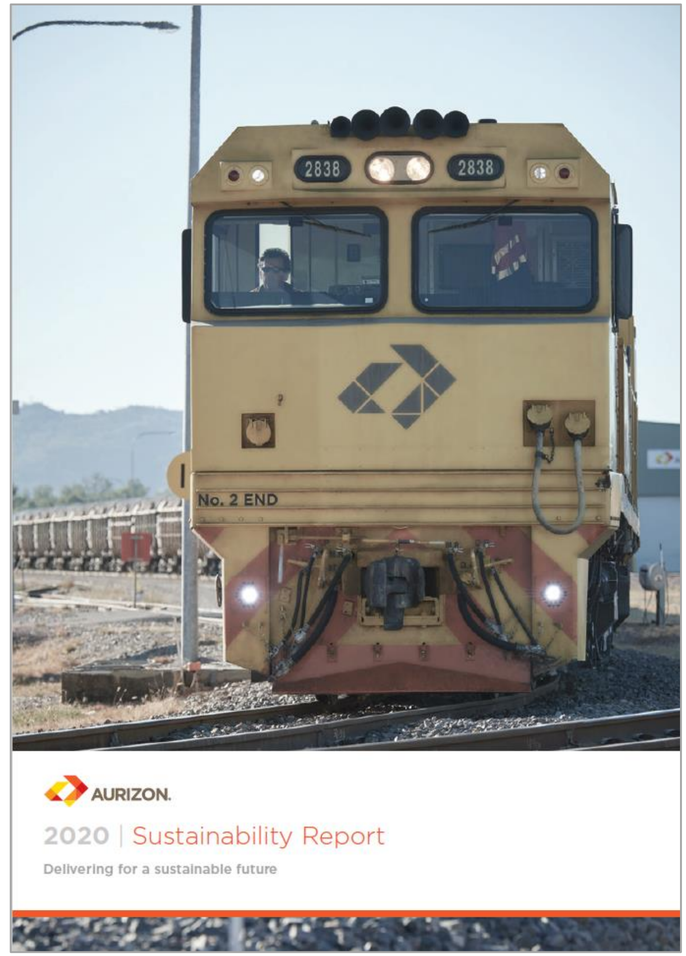
Aurizon Holdings remains a member of the FTSE4Good Index following the June 2020 index review

MSCI

ESG rating of AA as at March 2020

SUSTAINALYTICS

ESG rating of "Medium Risk" as at April 2020



Sustainability

Aurizon's FY2020 sustainability performance

COMMUNITY

$408 million
in taxes collected and paid[1]

$1.3 billion
spent with suppliers, a large percentage of which was in regional Australia

83%
of our employees work across regional locations in Australia

58
charities supported through our Community Giving Fund

EMPLOYEES

$792 million
in wages and benefits paid

More than **4,900**
people employed

22%
of our workforce is female, up from 21% in FY2019

6.15%
of our workforce is Aboriginal or Torres Strait Islander, up from 5.64% in FY2019

STAKEHOLDER VALUE

$400 million
FY2020 share buyback completed, and $514 million paid in dividends

262 million
tonnes of commodities hauled at an estimated value of over $30 billion for our customers[2]

SAFETY

8%
deterioration in Rail Process Safety in FY2020

10%
improvement in our Total Recordable Injury Frequency Rate (TRIFR) against FY2019

ENVIRONMENT

2%
increase in total Greenhouse Gas emissions against FY2019 (Scope 1 and 2)

Set a new target of net-zero operational emissions by
2050

1. Excludes PAYG income taxes included in wages and benefits paid.
2. Estimated value of customers' product, as calculated by Aurizon.

Climate Strategy and Action Plan

Aurizon is committed to a long-term target of net-zero operational emissions (scope 1 and 2) by 2050. Our Climate Strategy and Action Plan is built on the following three key pillars

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 (outlined on the following slide)
- 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.

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

Climate Strategy and Action Plan

We are driving operational decarbonisation through our *Tracking Towards Net-Zero Operational Emissions* initiatives

2020-2030

Climate Strategy and Action Plan Implementation

Minimising our Operational Emissions

- Map and refine our operational decarbonisation pathway in line with our target of net-zero operational emissions by 2050

Electricity Consumption on Aurizon's Electrified Network Infrastructure

- Leverage existing energy efficiency capabilities and assets, such as electrified rail in the Central Queensland Coal Network

Partnerships and Collaboration

- Pursue partnerships and create forums for collaboration to lead a step change towards decarbonisation of the Australian freight sector

2030-2050

Technology Pathway

Technology Investment Through the *Future Fleet Fund*

- Invest in the development and adaptation of low-carbon technologies for the Australian rail-freight sector through the $50m *Future Fleet Fund*

Renewable Energy

- Explore opportunities to integrate renewable energy into our current energy mix through direct investment in projects, power purchase agreements and/or behind-the-meter solutions

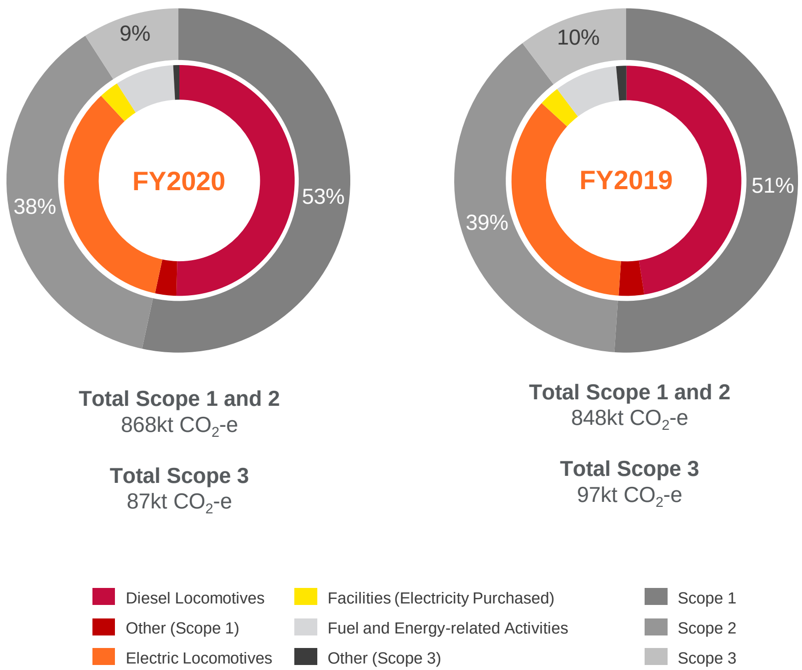
Carbon Offsets

- Utilise carbon offsets through project development/ investment and/or purchase, where required, and prioritise offsets with environmental and social co-benefits

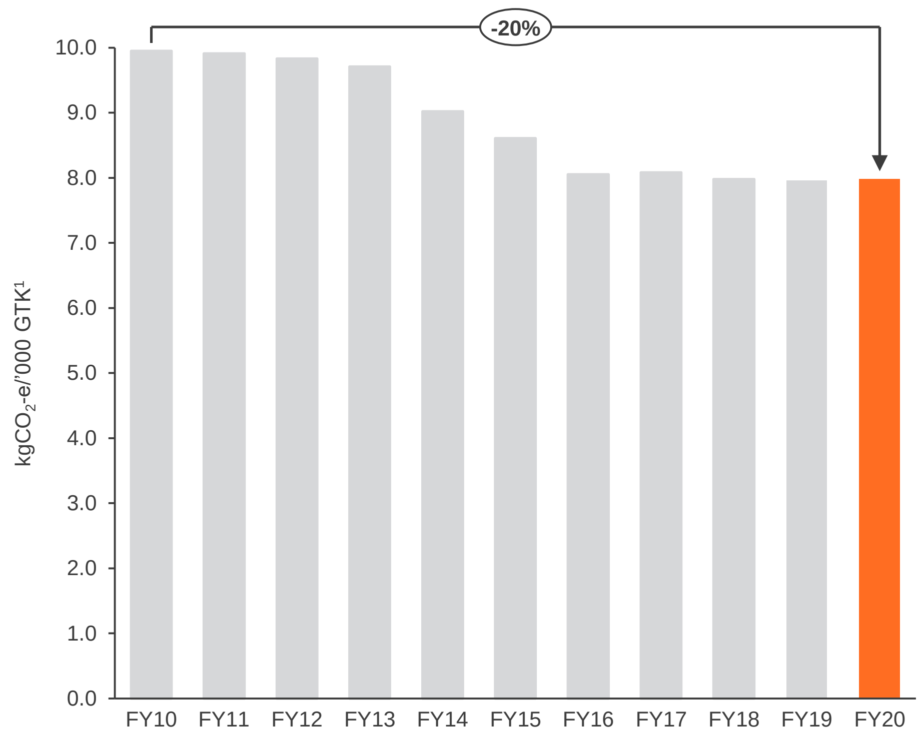
Climate Strategy and Action Plan

The majority of our emissions are associated with the consumption of energy (fuel and electricity) in the day-to-day operation of our locomotive fleet

AURIZON'S GREENHOUSE GAS PROFILE



AURIZON'S LOCOMOTIVE EMISSIONS INTENSITY PERFORMANCE



*1. *GTK = Gross Tonne Kilometres.*

Note: Aurizon's Scope 1 and 2 emissions are reported in accordance with the National Greenhouse and Energy Reporting legislation. The increase in Scope 1 and 2 emissions in FY2020 was driven by moderately higher output in FY2020, and increased grid-based electricity emissions factors in Queensland. 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 the Scope 3 emissions data for the FY2020 period includes the categories listed above, with the remaining activity sources excluded due to current data availability issues. 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 2020 Sustainability Report.

Australian Export Coal Demand

Australia coal export volume is driven by steel-intensive growth in India and prolonged thermal electricity generation in Asia, supporting coal export growth of ~1%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]. In this process, metallurgical coal currently has no economically viable substitute
- Australia's largest metallurgical coal export market[2], India produced 100mt[3] of crude steel in CY2020, a decrease of 11% from (record high production in) the prior year. COVID-19 impacted in 1H, recovery took place in 2H with production +2% compared to 2HCY2019
- 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 91% for FY2020[5]

THERMAL COAL

- Thermal coal is primarily used as a heat source for energy generation, holding a 37% share of global generation in 2019[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 (CY2020: 98%)[2]
- For Southeast Asia (ex-Indonesia), over 12GW of coal-fired capacity has come online since 2017 with a further 14GW considered under construction[8]
- The International Energy Agency projects an 82% growth in coal-fired energy generation in Southeast Asia between 2019 and 2040[9]
- Vietnam is now Australia's fifth largest thermal coal trading partner (by volume) with record export volume of 14mt in CY2020[2]

1. *World Steel Association, World Steel in Figures 2020*
2. *Australian Bureau of Statistics*
3. *World Steel Association, Statistics*
4. *Office of Chief Economist, Resources and Energy Quarterly (March 2020)*
5. *India Ministry of Coal, Provisional Coal Statistics (2019-20). India financial year (April to March). Domestic washed coal (only) included in calculation*
6. *International Energy Agency, World Energy Outlook (2020)*
7. *World Coal Association, Basic Coal Facts*
8. *S&P Global Market Intelligence World Electric Power Plants Database (December 2020). Indonesia excluded given domestic coal availability*
9. *International Energy Agency, World Energy Outlook 2020 (Stated Policies Scenario)*

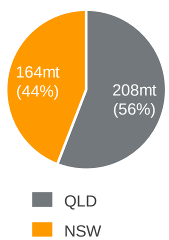
AURIZON

Australian Coal Summary

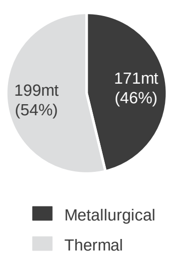
CY2020 Export

371mt

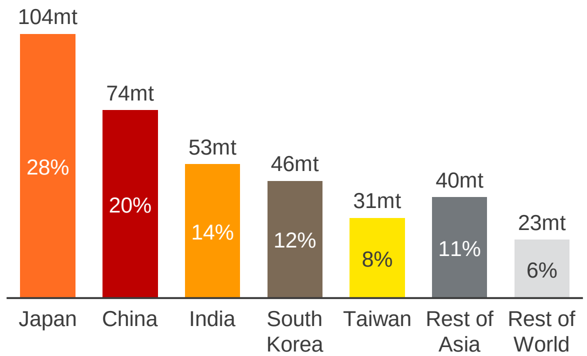
State Split



Coal Type

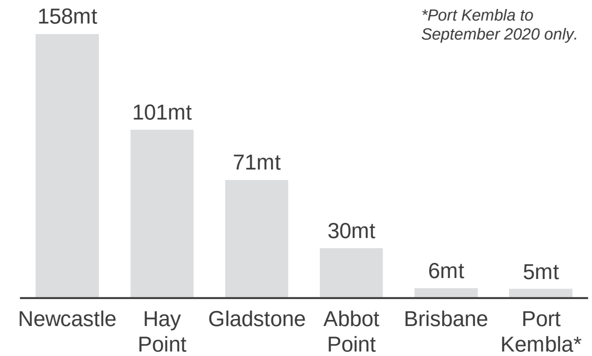


CY2020 All Coal Export (By Destination)



CY2020 All Coal Export (By Port)

**Port Kembla to September 2020 only.*



Export Revenue

$55b

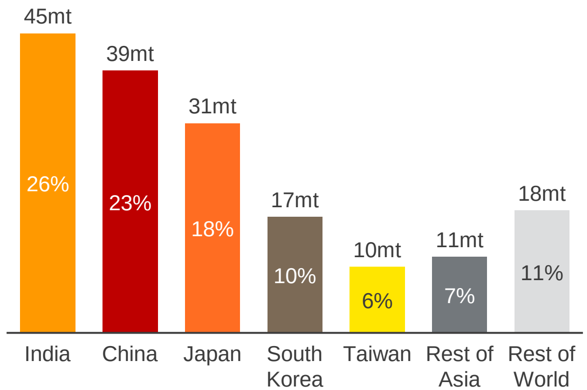
Total Production

445mt

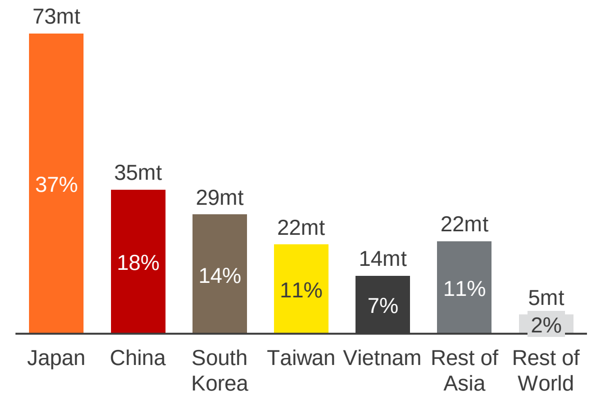
Domestic Use

66mt

CY2020 Metallurgical Coal Export (By Destination)



CY2020 Thermal Coal Export (By Destination)



Direct Employment

38k

Aust. Electricity Generation Share

45%

Royalties

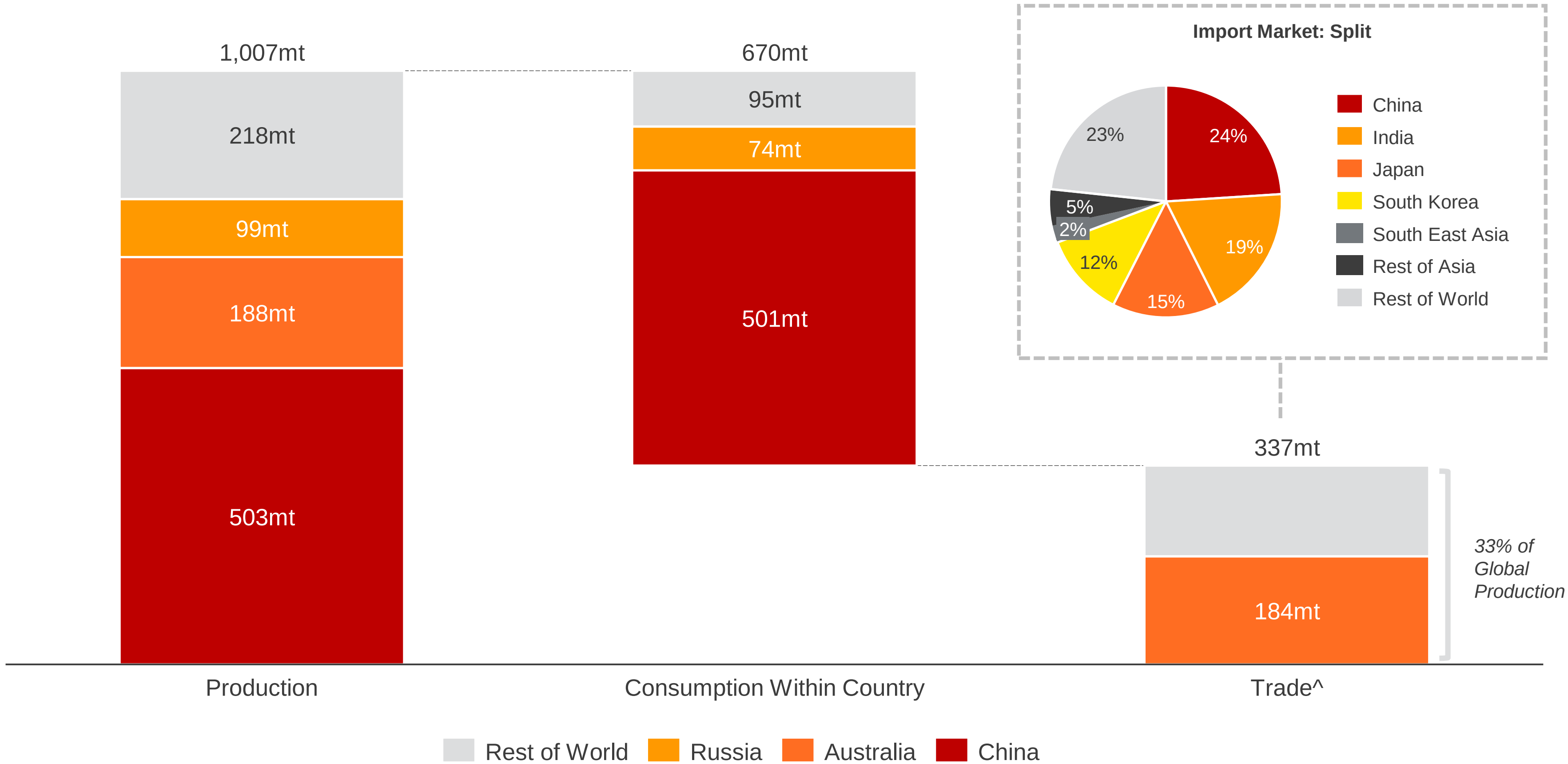
$5.0b

Note: Due to different sources and rounding, the sum of individual elements may not equal the corresponding aggregate figure. Sources – Export: CY2020 National export volume and coal type sourced from Australian Bureau of Statistics (ABS). CY2020 Export state split sourced from port/terminal reporting. CY2020 All Coal Export (By Destination): Includes anthracite volume, sourced from ABS. CY2020 All Coal Export (By Port): Sourced from respective port/terminal reporting. Hay Point includes both Hay Point Coal Terminal and Dalrymple Bay Coal Terminal. CY2020 Metallurgical/Thermal Export (By Destination): Sourced from ABS. Export Revenue: Sourced from ABS. Total Production: (12 months to September 2020) - Volume (saleable coal), sourced from Office of Chief Economist (OCE) Resources and Energy Quarterly December 2020. Domestic Use: (12 months to September 2020) - National consumption calculated using production (OCE) less exports (OCE). Employment: FY2020 ABS Labour Account Australia. Australian Electricity Generation Share: Data for FY2019 (GWh, black coal only), sourced from Department of the Environment & Energy, Australian Energy Update 2020. FY2020 Royalties include QLD and NSW Royalties. QLD Royalties: Sourced from QLD Treasury Budget Strategy and Outlook (2020-21) – Budget paper No.2. NSW Royalties: Sourced from NSW Department of Planning & Environment.

Global Metallurgical (Coking) Coal Landscape

Around one-third of global metallurgical coal demand is met through the global traded export market with Australia commanding over half of this market

2019, million tonnes



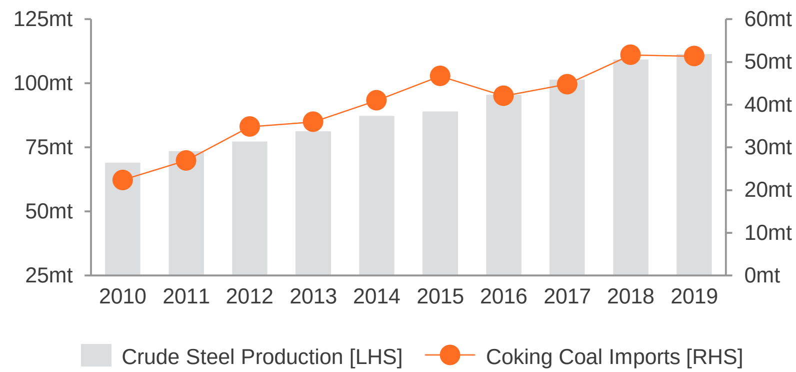
^Trade includes both seaborne and landborne volume. Metallurgical coal seaborne market was 88% of total trade in 2019 (IEA Coal 2020). Due to rounding, the sum of components may not equal the corresponding total.

Source: International Energy Agency (IEA) 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. No energy-adjustment applied.

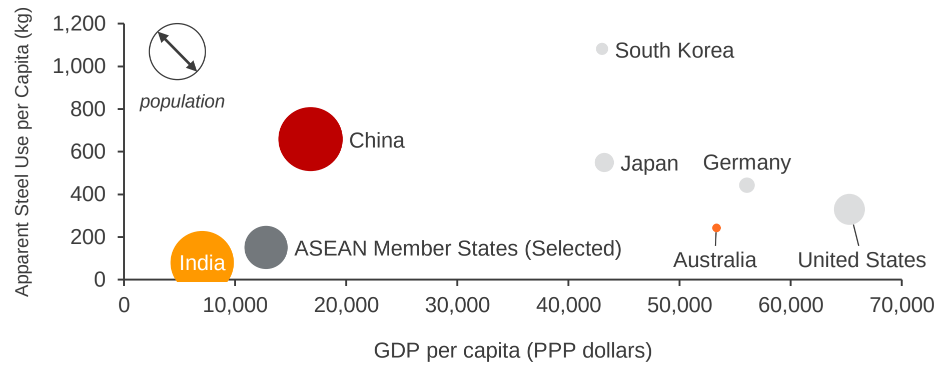
Future of Coal | Metallurgical Coal

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

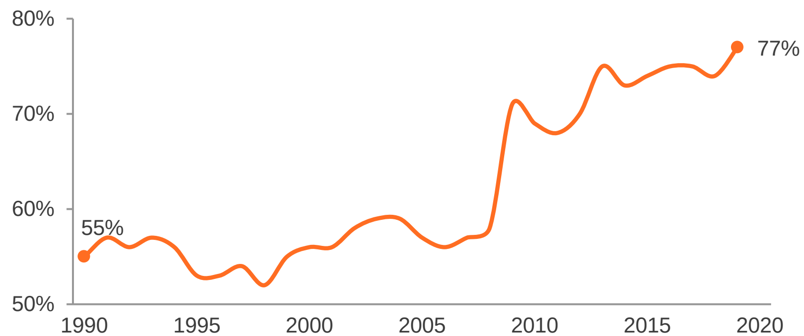
INDIA: CRUDE STEEL PRODUCTION AND COKING (METALLURGICAL) COAL REQUIREMENTS[1]



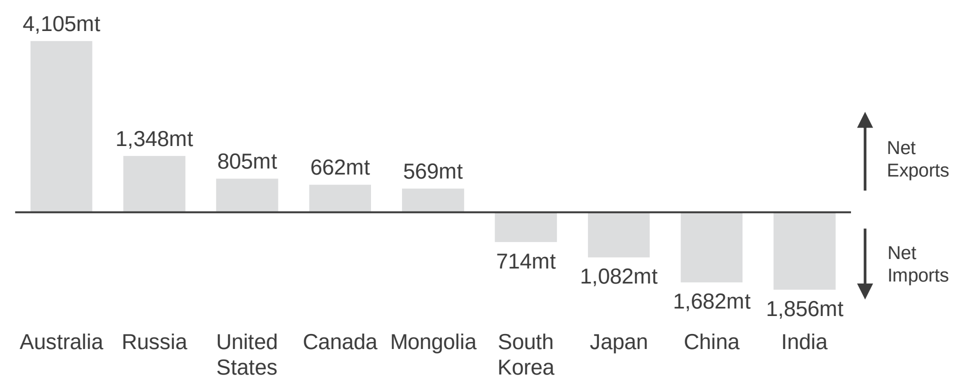
APPARENT STEEL USE (CRUDE STEEL EQUIVALENT) PER CAPITA VS. GDP PER CAPITA BY KEY COUNTRIES[2]



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



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

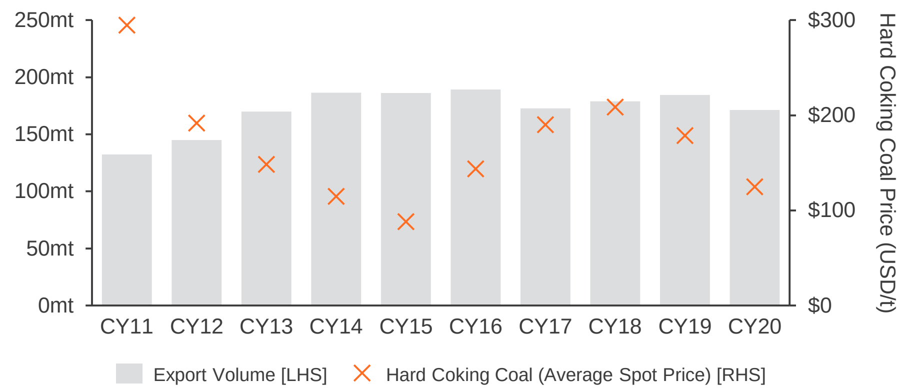


1. World Steel Association, Global Trade Atlas
2. GDP (Purchasing Power Parity; international dollars) – World Bank (2019 data), Population - World Bank (2019 data), Apparent Steel Usage & Apparent Steel Use per Capita – World Steel Association (2019 data). ASEAN Member States (Selected, based on data availability): Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.
3. International Energy Agency, Coal Information 2020.
4. Wood Mackenzie Global Coal Markets Tool (2020 2H).

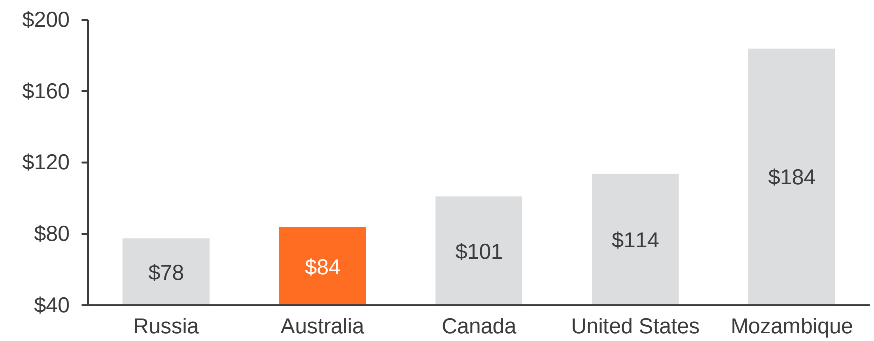
Metallurgical Coal Market | Australia

Driven by quality, cost-competitiveness and proximity to Asian markets, Australia holds a unique position in the seaborne market.

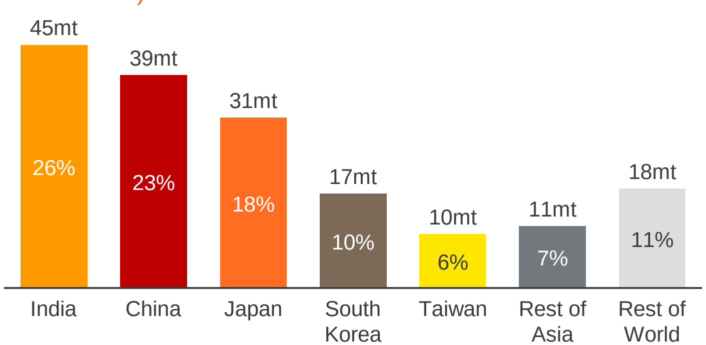
AUSTRALIA: METALLURGICAL COAL EXPORT VOLUME AND PRICE[1]



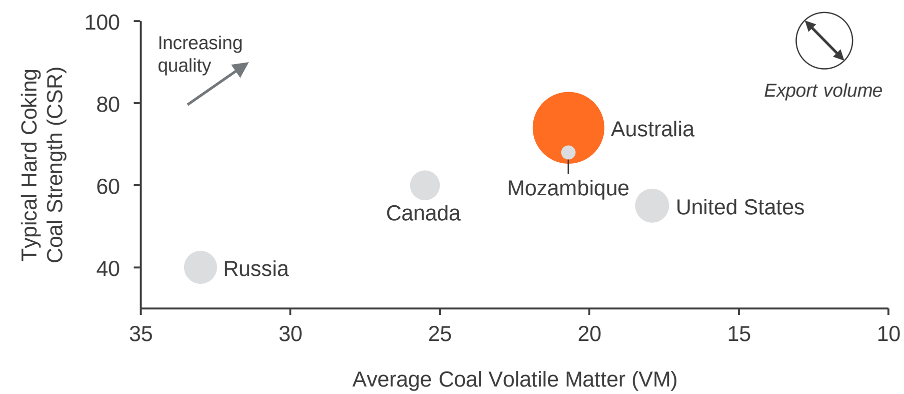
METALLURGICAL COAL CASH COSTS (US$/t, CFR INDIA, 2020)[2]



AUSTRALIA: CY2020 METALLURGICAL COAL EXPORT (BY DESTINATION)[3]



METALLURGICAL COAL QUALITY[4]

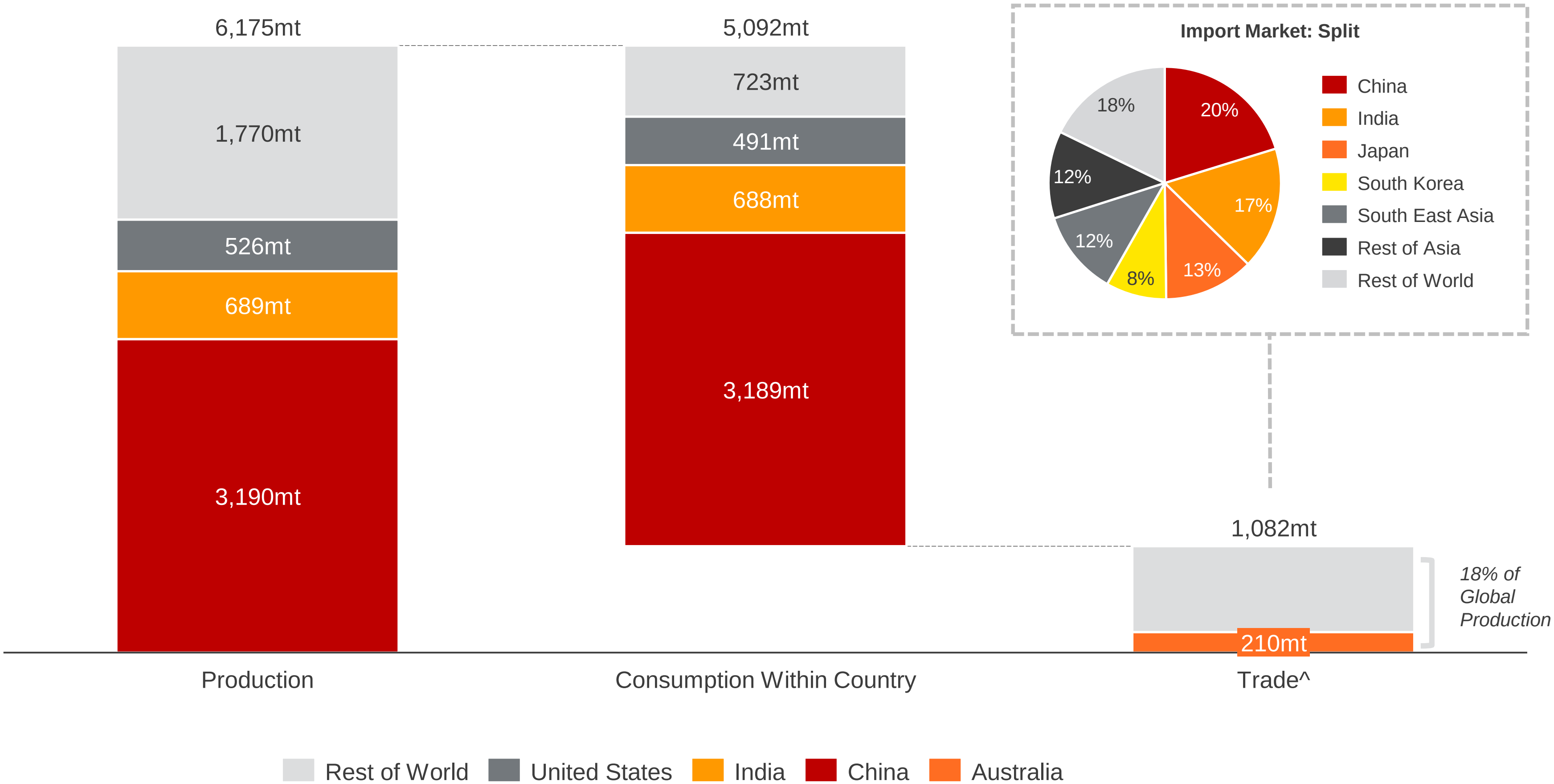


1. Export Volume – Australian Bureau of Statistics. Hard Coking Coal Price – Platts (Peak Downs Region product).
2. Wood Mackenzie Coal Cost Curves (Data: August 2020, Reference Year: 2020), Wood Mackenzie Global Coal Markets Tool (Data: 2020 2H, Reference Year: 2020), Sea freight export terminal assumptions: US – East Coast, Canada – West Coast, Australia – Hay Point (Metallurgical), Russia - East.
3. Australian Bureau of Statistics
4. Wood Mackenzie Global Coal Markets Tool (2020 2H), Wood Mackenzie Coal Cost Curves (Data August 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 one-fifth of the global trade market that is dominated by Asian demand

2019, million tonnes



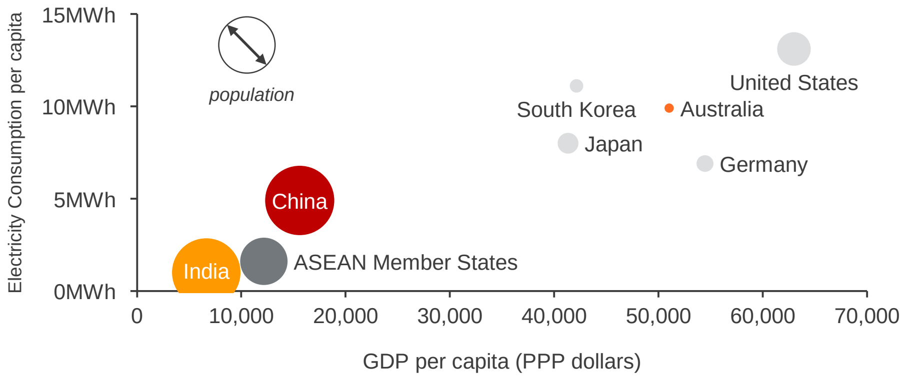
^Trade includes both seaborne and landborne volume. Thermal (Steam) coal seaborne market was 94% of total trade in 2019 (IEA Coal 2020). Due to rounding, the sum of components may not equal the corresponding total.

Source: International Energy Agency (IEA) 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. No energy-adjustment applied.

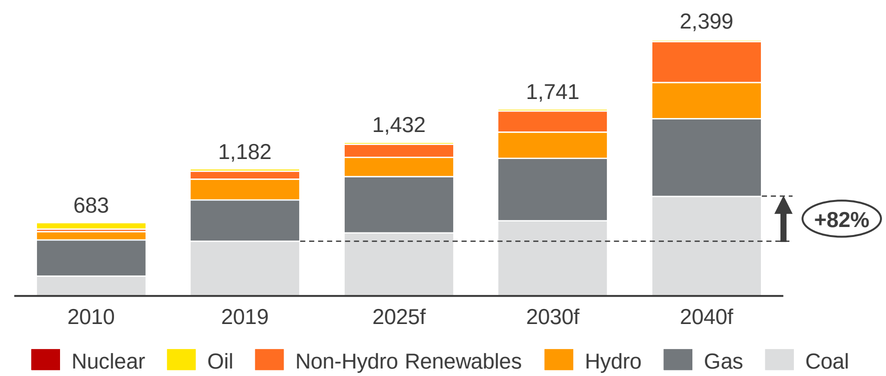
Future of Coal | Thermal Coal

Although it is recognised that thermal coal generation will reduce as a percentage of global energy, Asia is projected to use coal-fired generation assets for an extended period

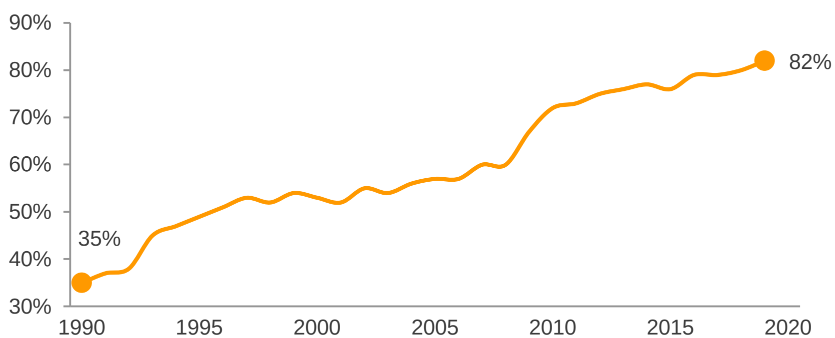
PER CAPITA ELECTRICITY CONSUMPTION VS. PER CAPITA INCOME BY KEY COUNTRIES[1]



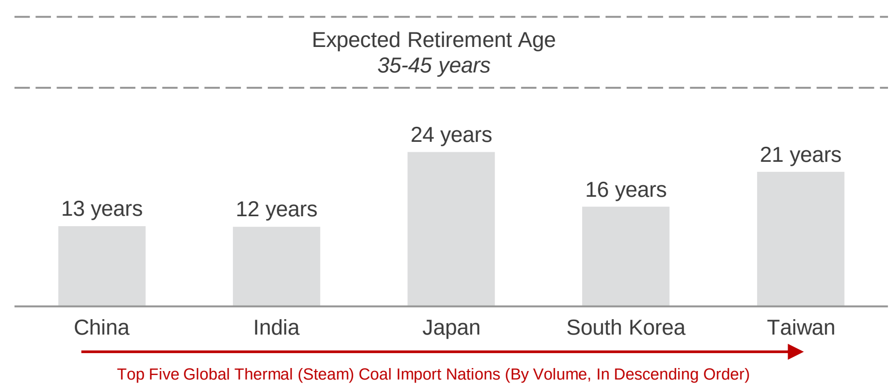
IEA WORLD ENERGY OUTLOOK (STATED POLICIES SCENARIO) FOR ELECTRICITY GENERATION IN SOUTHEAST ASIA, BY SOURCE (TWh)[2]



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



AVERAGE AGE OF COAL-FIRED ELECTRICITY CAPACITY[4]

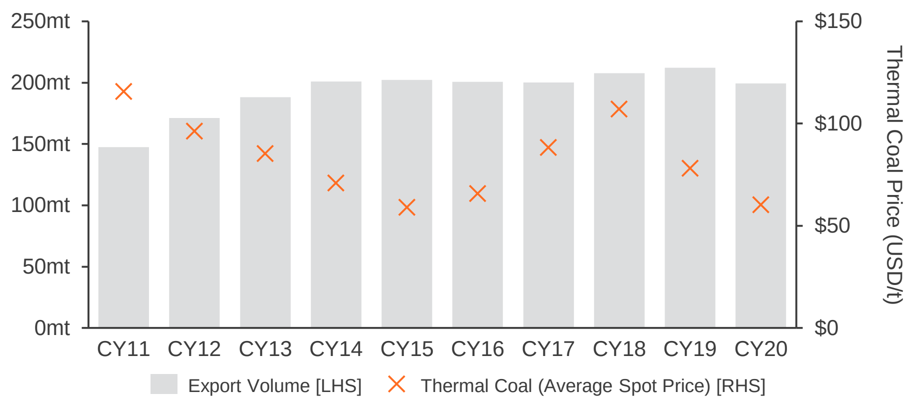


1. GDP (Purchasing Power Parity, current international dollars) – World Bank (2018 data), Population - World Bank (2018 data), Electricity Consumption (KWh) – International Energy Agency (2018 electricity consumption per capita data). ASEAN Member States: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.
2. International Energy Agency, World Energy Outlook 2020
3. International Energy Agency, Coal Information 2020
4. S&P Global Market Intelligence World Electric Power Plants Database (December 2020). Average age is capacity weighted and calculated as at December 2020.

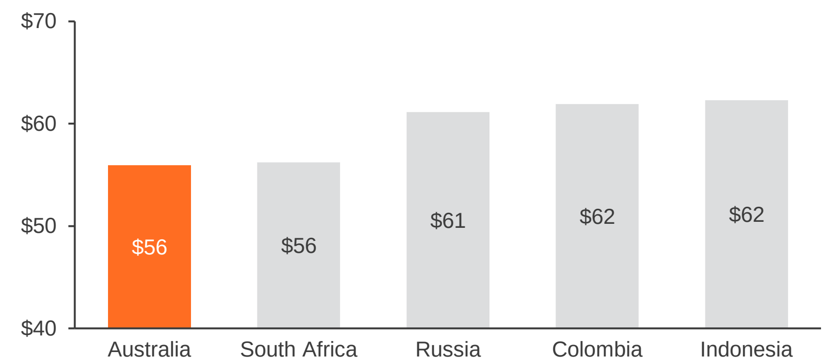
Thermal Coal Market | Australia

Australia's thermal coal competitiveness is driven by coal quality characteristics and geographic proximity to Asia. Around 98% of Australian exports are destined for Asia

AUSTRALIA: THERMAL COAL EXPORT VOLUME AND PRICE[1]

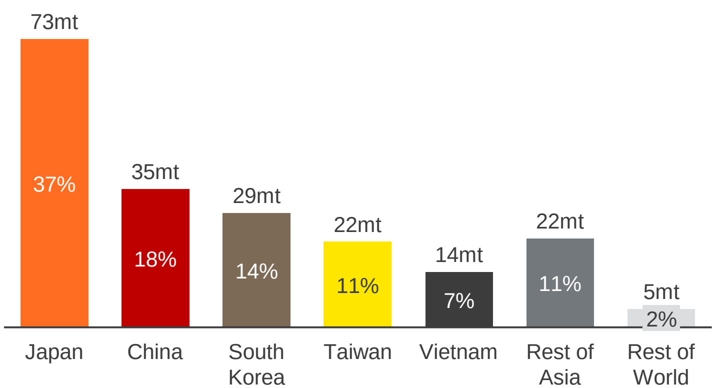


THERMAL COAL CASH COSTS (US$/t, CFR JAPAN, 2020)[2]

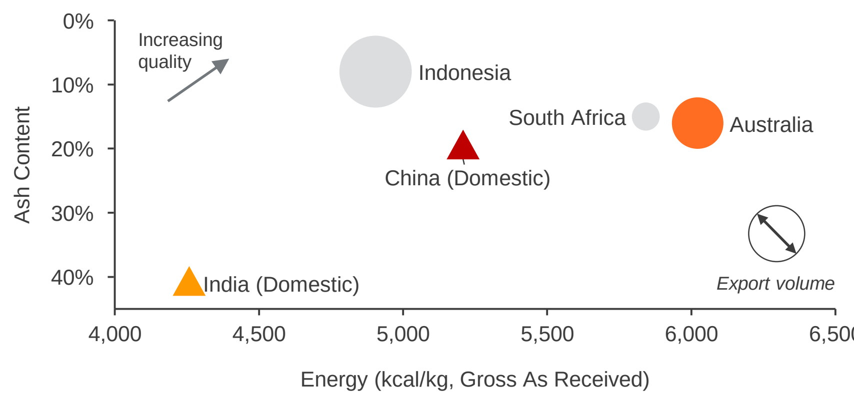


Note: Thermal Cash Costs (FOB) are energy-adjusted to 6,300 kcal/kg (Gross As Received)

AUSTRALIA: CY2020 THERMAL COAL EXPORT (BY DESTINATION)[3]



THERMAL COAL QUALITY[4]



Notes/Sources: 1 & 3 .Export Volume (and country split) - Australian Bureau of Statistics. 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: August 2020, Reference Year: 2020), Wood Mackenzie Global Coal Markets Tool (Data: 2020 2H, Reference Year: 2020), Sea freight export terminal assumptions: Australia – Newcastle (Thermal), Russia - East. 4. Wood Mackenzie Coal Cost Curves (Data: August 2020, Reference Year: 2020), Wood Mackenzie Coal Supply Data Tool (Q3 2020, Reference Year: 2020), India Ministry of Coal, Coal Directory of India (multiple years), 2018-19 Coal Statistics, IEA Coal Medium-Term Market Report 2016, Argus - Argus Coal Daily International, Methodology and Specification Guide (October 2020).

Additional Information: Group

Aurizon

1HFY2021 Summary

ABOVE RAIL (AURIZON OPERATIONS)

Aurizon's Coal business provides a critical supply chain link for Australia's coal producers. The coal transport operation connects mines in the Newlands, Goonyella, Blackwater, Moura and West Moreton systems in Queensland and the Hunter Valley and Illawarra coal systems in New South Wales with domestic customers and coal export terminals.

EBIT: $171m

Volume Hauled: 102mt

Active Locomotives: 331

Active Wagons: 8,707

Average Haul Length: 233km

Coal Split[1]: 50% Met., 50% Thermal

Aurizon's Bulk business provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Queensland, New South Wales and Western Australia.

EBIT: $61m

Tonnes Hauled[2]: 26m

Active Locomotives: 165

Active Wagons: 3,239

Number of Products Hauled: >15

BELOW RAIL (NETWORK)

Network refers to the business of Aurizon Network Pty Ltd (Network) which operates the 2,670km Central Queensland Coal Network (CQCN). The open access network connects more than 40 mines to five export terminals located at three ports. The CQCN includes four coal systems (Moura, Blackwater, Goonyella and Newlands) and a connecting link (the Goonyella to Abbot Point Expansion (GAPE)).

EBIT: $241m

Tonnes Railed[3]: 104mt

Above Rail Operators: 4

Average Haul Length: 251km

Coal Split[1]: 68% Met., 32% Thermal

Regulated Asset Base[4]: $5.5b

1. Aurizon estimate
2. Top three Bulk commodities represent 76% of total volume hauled in 1HFY2021. Iron ore (32%), alumina (24%), bauxite (20%)
3. Total volume across all Above Rail Operators
4. As at 1 July 2020 (Rollforward). This excludes $0.4b of Access Facilitation Deeds (AFDs)

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'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: December 2020

	Quarter Ending						Financial Year To Date		
	Dec-19	Mar-20	June-20	Sep-20	Dec-20	Variance[1]	Dec-20	Dec-19	Variance[1]
Coal volumes (mt)									
CQCN	37.7	37.0	38.8	34.7	36.5	(3%)	71.2	74.3	(4%)
NSW & SEQ	15.8	14.8	17.0	15.3	15.3	(3%)	30.6	32.0	(4%)
Total	**53.5**	**51.8**	**55.8**	**50.0**	**51.8**	**(3%)**	**101.8**	**106.3**	**(4%)**
Coal NTK (b)									
CQCN	9.5	9.3	9.8	8.7	9.1	(4%)	17.8	18.7	(5%)
NSW & SEQ	2.9	2.9	3.2	3.0	2.9	-	5.9	6.1	(3%)
Total	**12.4**	**12.2**	**13.0**	**11.7**	**12.0**	**(3%)**	**23.7**	**24.8**	**(4%)**
Bulk volumes (mt)	**12.0**	**11.5**	**13.0**	**13.1**	**13.1**	**9%**	**26.3**	**23.6**	**11%**
Above Rail Volumes (mt)	**65.5**	**63.3**	**68.8**	**63.2**	**64.9**	**(1%)**	**128.1**	**129.9**	**(1%)**

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 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
Aurizon Port Services[1]		40	3	1 Nov 2021	2.5%	2.5%	2.5%		Complete
QLD Coal	Traincrew & Transport Operations	1280	3	11 Nov 2022	2.5%	2.3%	2.25%		Complete
	Maintenance				2.0%	2.0%	2.0%		
QLD Bulk	Traincrew & Transport Operations	370	3	24 Jan 2023	2.5%	2.3%	2.25%		Complete
	Maintenance				1.5%	2.0%	2.0%		

1. As part of the acquisition of Townsville Bulk Storage and Handling (TBSH) in March 2020 (renamed Aurizon Port Services), the TBSH Enterprise Agreement transferred to Aurizon by operation of the Fair Work Act 2009.

Prioritisation of capital

CAPITAL ALLOCATION HIERARCHY

1 DETERMINE AVAILABLE CAPITAL
- Ongoing operating cashflows
- Additional funding capacity available:
  - Network BBB+/Baa1
  - Operations BBB+/Baa1

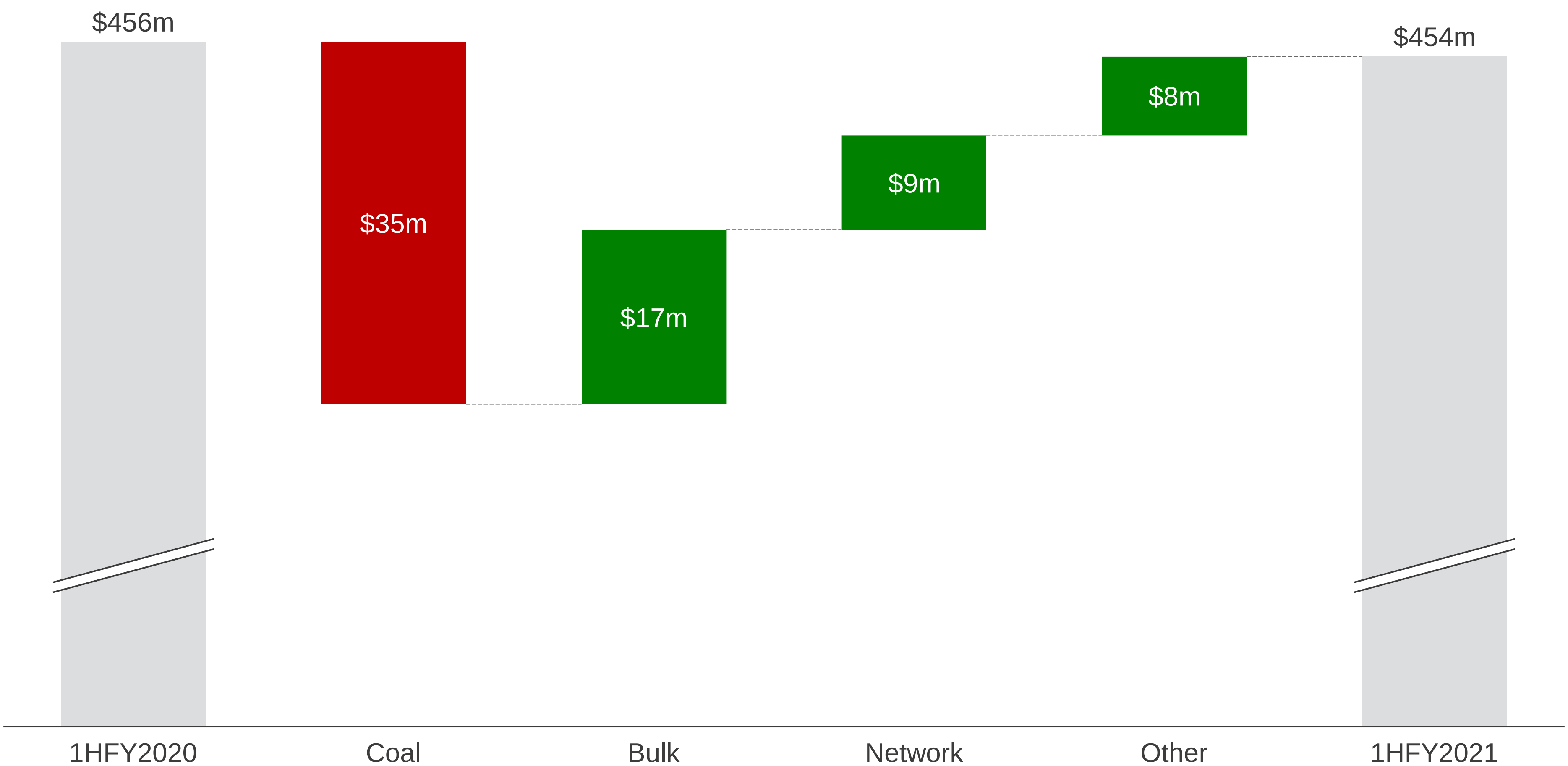
2 NON GROWTH CAPITAL
- Sustaining and transformation projects

3 DIVIDENDS
- Within 70-100% payout ratio

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

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

Underlying group EBIT bridge[1] ($m)



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

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

	1HFY2021	1HFY2020	Variance	2HFY2020
Coal	170.9	205.8	(17%)	204.8
Bulk	60.5	43.7	38%	46.2
Network	241.3	232.2	4%	236.6
Other	(18.5)	(26.1)	29%	(34.2)
EBIT	**454.2**	**455.6**	**-**	**453.4**

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

Balance sheet summary ($m)

	31 December 2020	30 June 2020	31 December 2019
Assets classified as held for sale	67.2	65.1	74.7
Other current assets	518.8	650.2	607.8
Total current assets	**586.0**	**715.3**	**682.5**
Property, plant and equipment (PP&E)	8,526.0	8,537.1	8,499.3
Other non-current assets	499.1	519.6	437.6
Total non-current assets	**9,025.1**	**9,056.7**	**8,936.9**
Total Assets	**9,611.1**	**9,772.0**	**9,619.4**
Liabilities classified as held for sale	(0.8)	(0.7)	(0.7)
Other current liabilities	(688.4)	(814.1)	(697.6)
Total borrowings	(3,774.4)	(3,607.2)	(3,372.0)
Other non-current liabilities	(1,037.8)	(992.3)	(987.2)
Total Liabilities	**(5.501.4)**	**(5,414.3)**	**(5,057.5)**
Net Assets	**4,109.7**	**4,357.7**	**4,561.9**
Gearing (net debt / net debt + equity) (%)	**47.8%**	**45.1%**	**42.0%**

Reconciliation of borrowings

	$m	Commentary
Total debt including working capital facility	3,576.8	Borrowings on a cash basis
Reconciliation to Financial Statements		
Add/(less):		
Capitalised transaction costs	(11.0)	Transaction costs directly attributable to borrowings are capitalised to the balance sheet and amortised to the income statement in accordance with AASB 9
Discounts on bonds	(7.8)	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	216.4	Accumulated fair value hedge mark-to-market adjustment on bonds in accordance with AASB 9
Total adjustments	197.6	
Total borrowings per financial report	**3,774.4**	Current and non-current borrowings

Significant adjustments ($m)

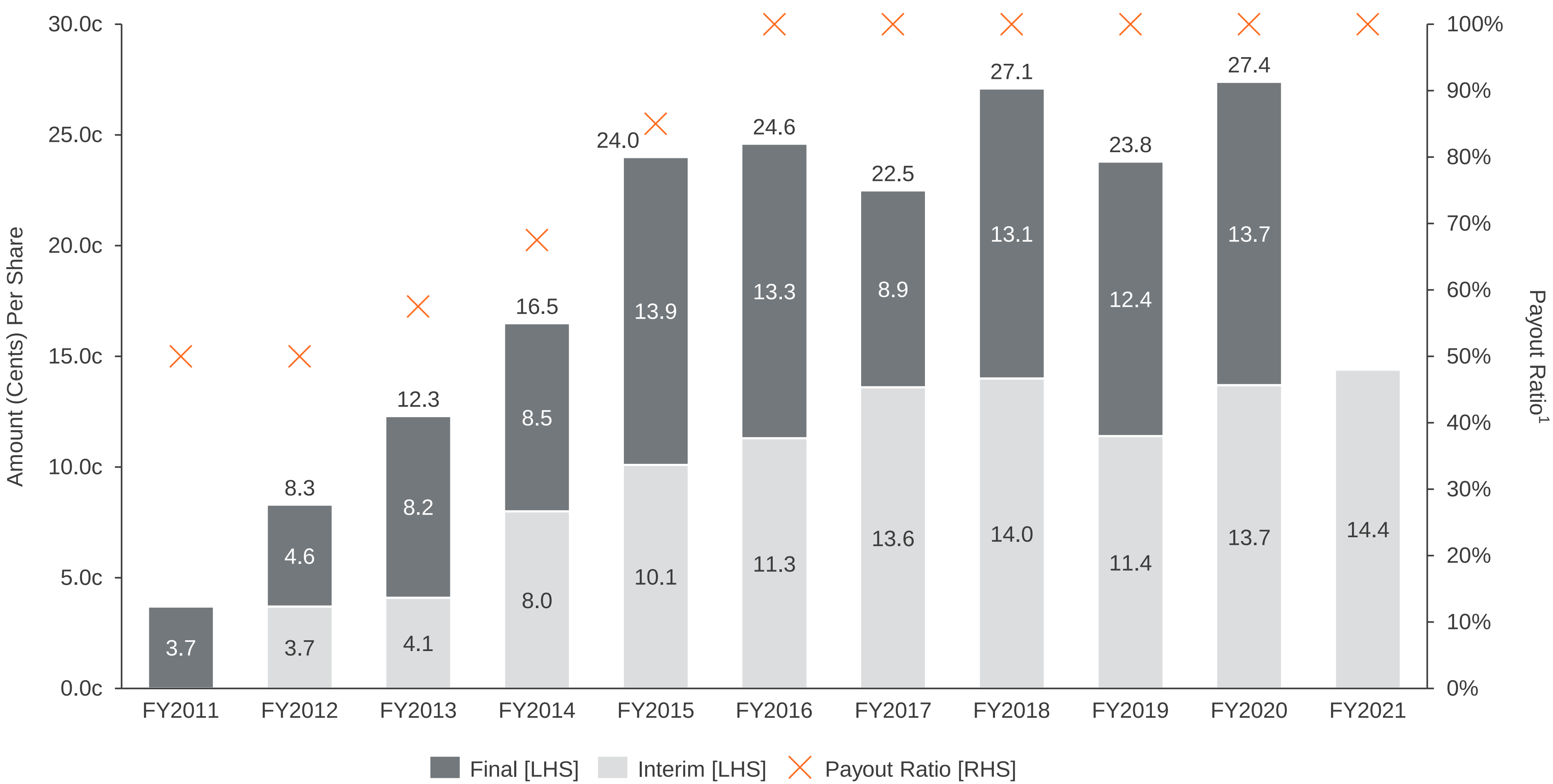
	1HFY2021	1HFY2020	Variance	2HFY2020
Continuing operations – Net gain on sale of Rail Grinding (before tax)	-	105.4	-	-

Redundancy cost information

Year	Redundancy costs included in underlying EBIT ($m)	Redundancy costs classified as Significant items ($m)
FY2016	24	-
FY2017	5	116
FY2018	17	(10)
FY2019	21	(1)
FY2020	16	-
1HFY2021	3	-

- 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

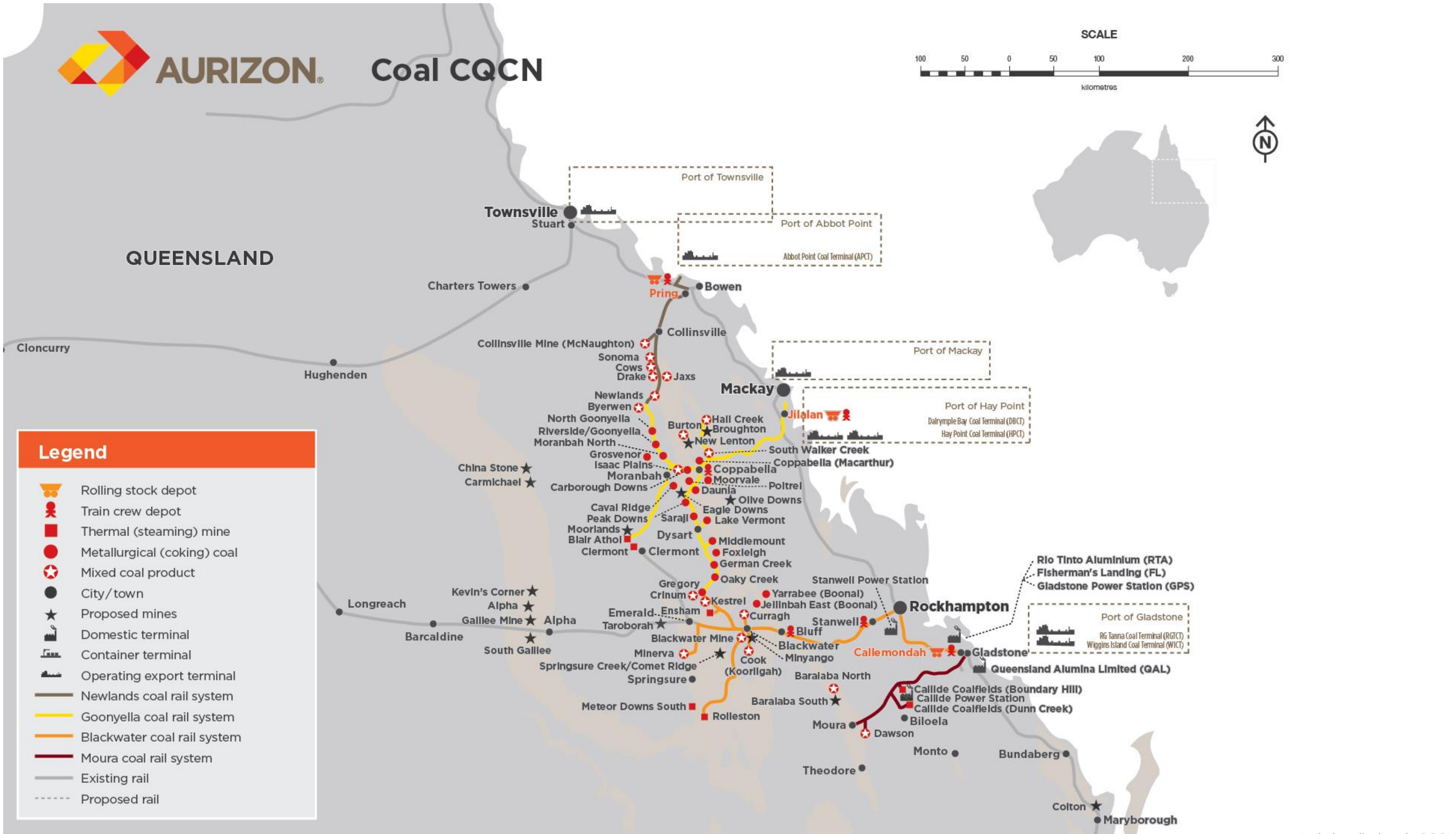


1. A simple average of the payout ratio is used. From FY2018, payout ratio is based on underlying NPAT for continuing operations

Additional information: Coal

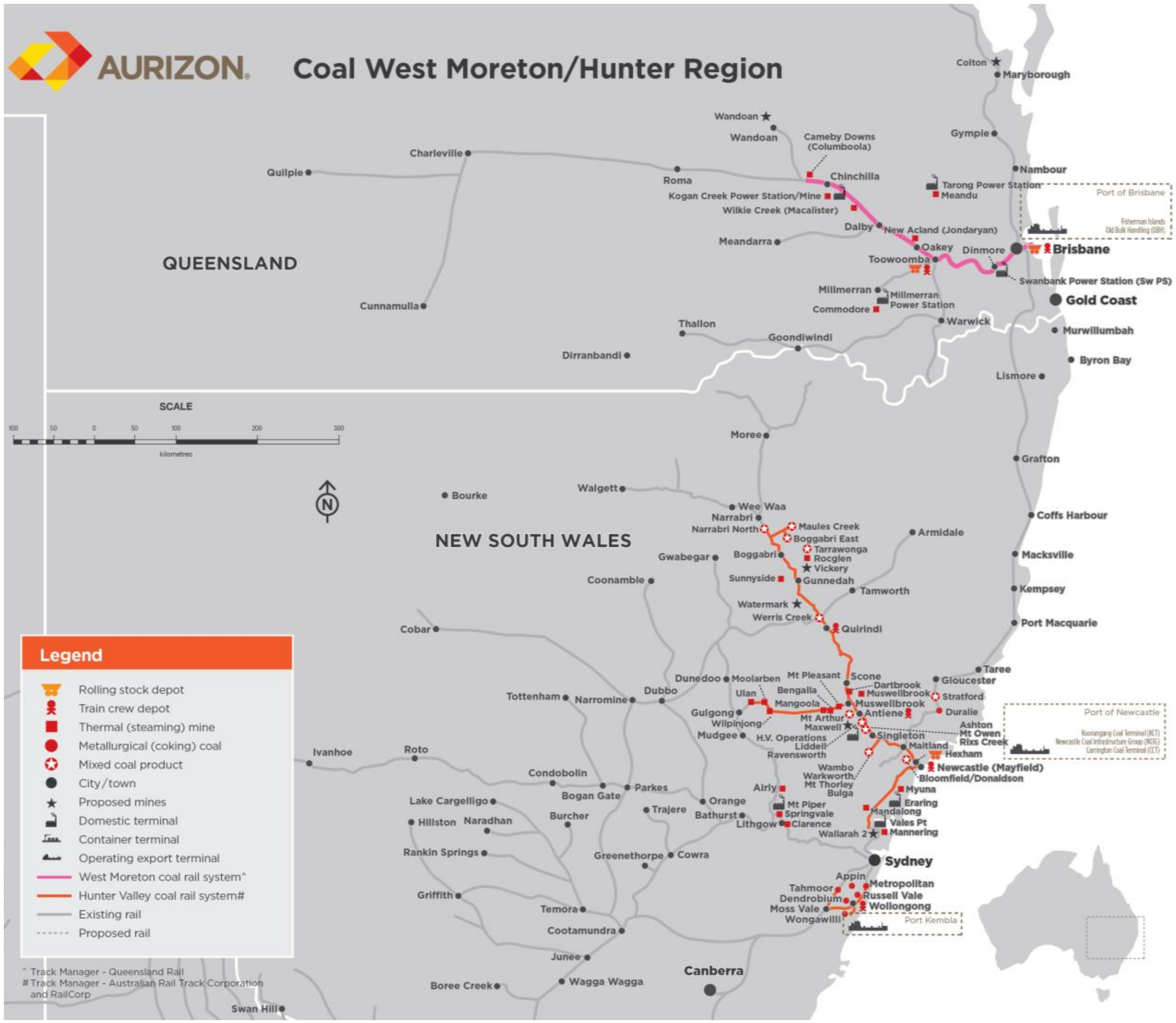
AURIZON

Coal – Central Queensland Coal Network



Includes all mines in CQCN

Coal – New South Wales and South East Queensland



Includes all mines in NSW & SEQ

Coal operating metrics[1]

	1HFY2021	1HFY2020	Variance	2HFY2020
Total tonnes hauled (m)	101.8	106.3	(4%)	107.6
Contract utilisation	82%	86%	(4ppt)	87%
Total NTK (b)	23.7	24.8	(4%)	25.2
Average haul length (km)	233	233	-	234
Total revenue / NTK ($/'000 NTK)	34.4	35.8	(4%)	35.2
Above Rail Revenue / NTK ($/'000 NTK)	24.7	25.3	(2%)	25.1
Operating Ratio (%)	79.0%	76.8%	(2.2ppt)	79.6%
Opex / NTK ($/'000 NTK)	27.2	27.5	1%	27.1
Opex / NTK (excluding access costs) ($/'000 NTK)	17.5	17.2	(2%)	17.1
Locomotive productivity ('000 NTK / Active locomotive day)[1]	387.9	397.1	(2%)	414.0
Active locomotives (as at 31 December)[1]	331	336	(1%)	332
Wagon productivity ('000 NTK / Active wagon day)[1]	14.8	15.5	(5%)	15.9
Active wagons (as at 31 December)[1]	8,707	8,570	2%	8,721
Payload (tonnes)[1]	7,862	7,588	4%	7,765
Velocity (km/hr)[1]	23.9	23.8	-	23.2
Fuel Consumption (l/d GTK)[1]	2.85	2.84	-	2.88

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

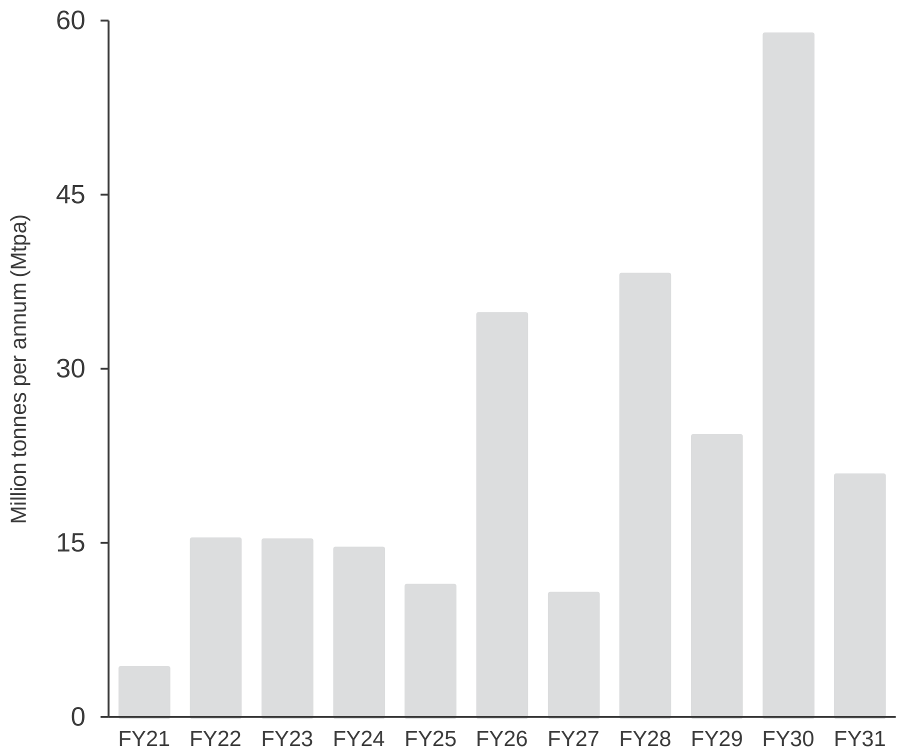
AURIZON

Coal tonnes (mt) by system

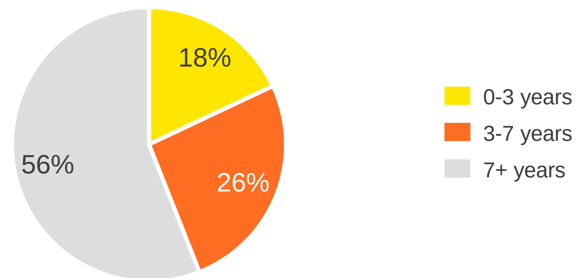
	1HFY2021	1HFY2020	Variance	2HFY2020
CQCN				
Newlands	9.1	10.5	(13%)	10.3
Goonyella	28.7	29.1	(1%)	30.8
Blackwater	26.6	28.4	(6%)	27.2
Moura	6.8	6.3	8%	7.5
Total CQCN	**71.2**	**74.3**	**(4%)**	**75.8**
NSW & SEQ				
West Moreton	2.2	3.2	(31%)	2.3
Hunter Valley & Illawarra	28.4	28.8	(1%)	29.5
Total NSW & SEQ	**30.6**	**32.0**	**(4%)**	**31.8**
Total Coal	**101.8**	**106.3**	**(4%)**	**107.6**

Coal contract portfolio

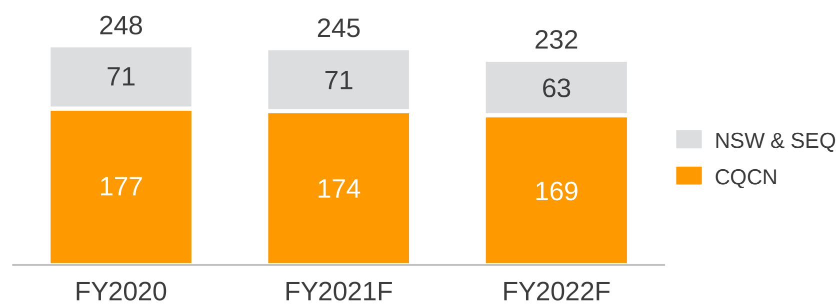
AURIZON COAL CONTRACT VOLUME EXPIRY BY YEAR[1]
AS AT 31 DECEMBER 2020



COAL CONTRACT PORTFOLIO EXPIRY[1]
AS AT 31 DECEMBER 2020



FORECAST COAL CONTRACTED VOLUMES[2] (MT)

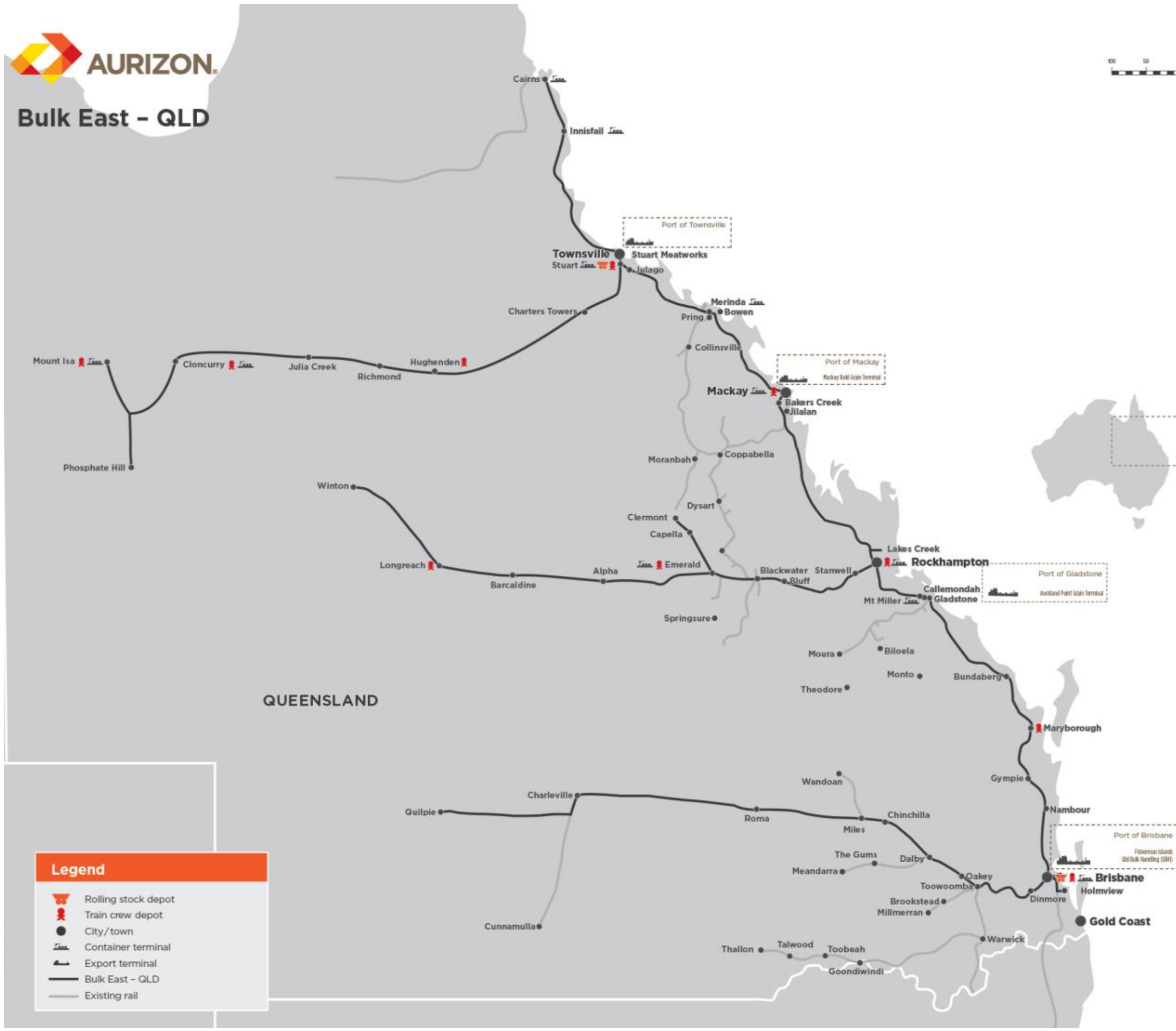


1. Announced contract tonnages may not necessarily align with current contract tonnages. Incorporates contract extension options where applicable. Includes immaterial variations to volume/term not announced to market.
2. This represents the contracted tonnes as at 31 December 2020 and includes known nominations.

Additional Information: Bulk

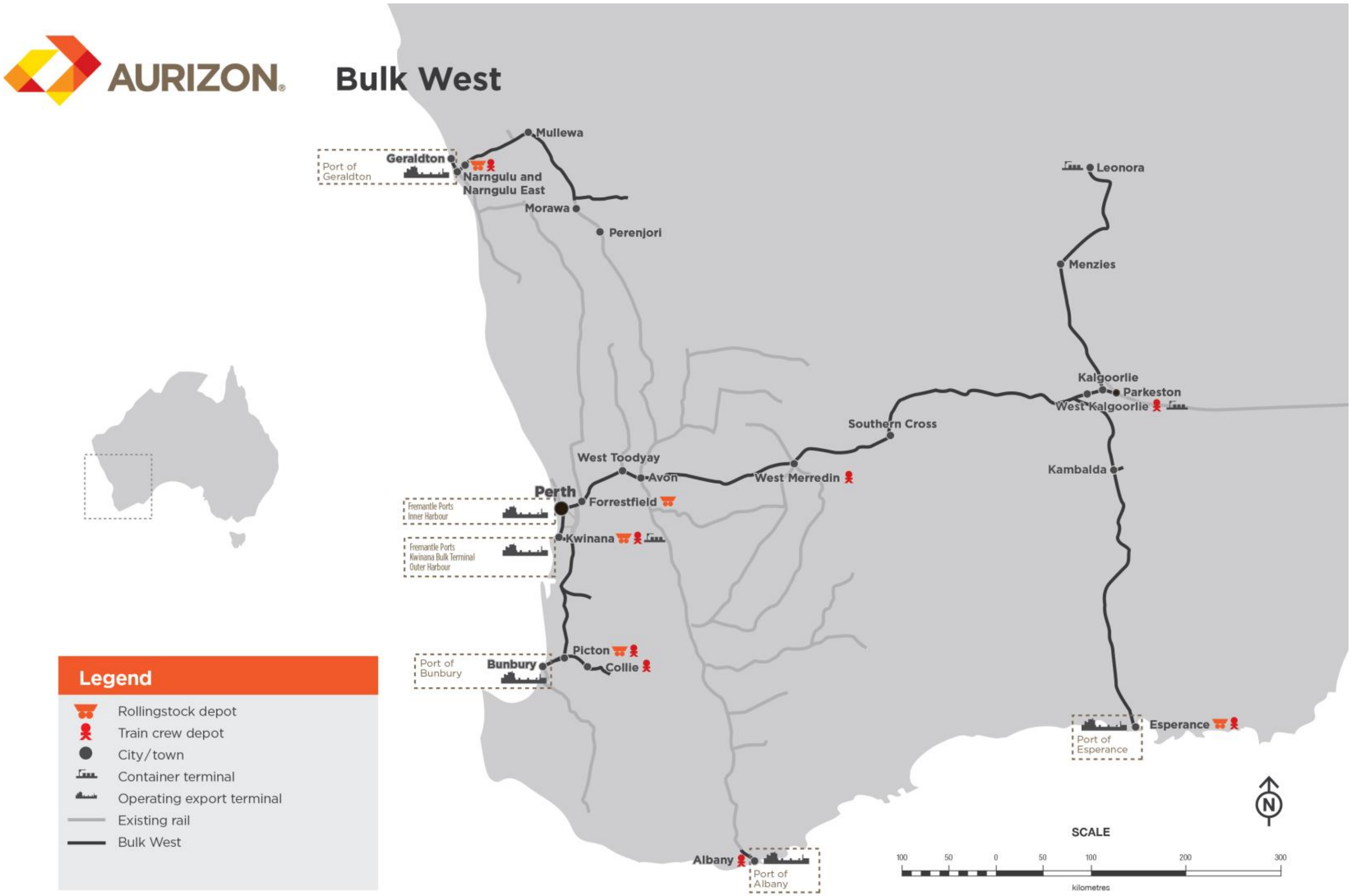
AURIZON

Bulk operations – Queensland



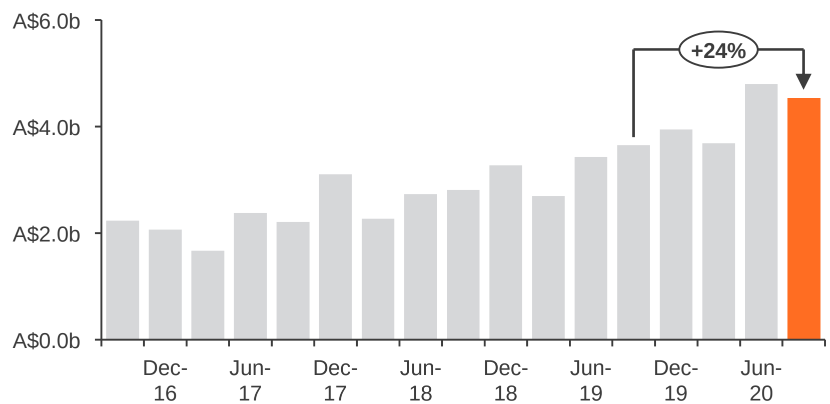
Bulk operations – New South Wales, Victoria and South Australia

Bulk operations – Western Australia

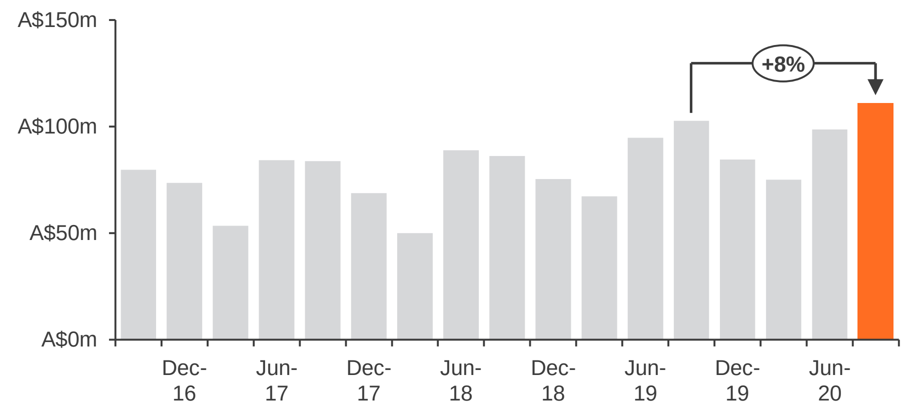


Bulk – Australia Capital & Exploration Expenditure

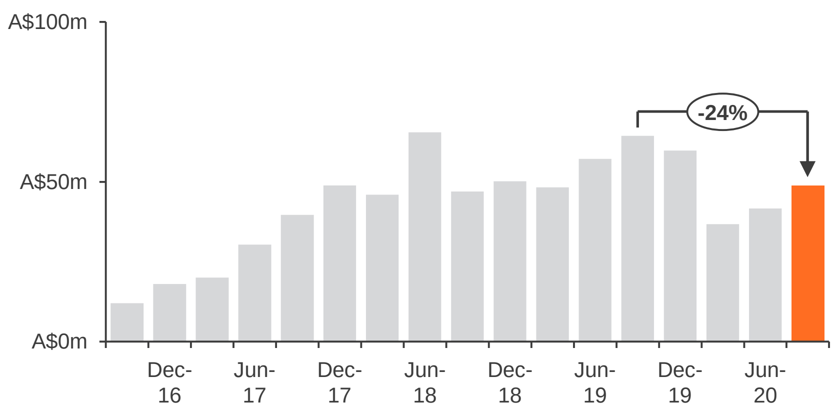
CAPITAL EXPENDITURE: METAL ORE MINING[1]



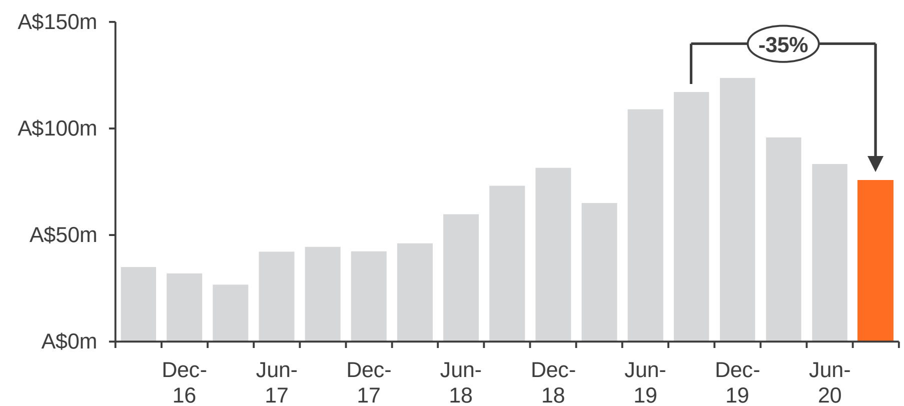
EXPLORATION EXPENDITURE: IRON ORE



EXPLORATION EXPENDITURE: NICKEL & COBALT



EXPLORATION EXPENDITURE: COPPER

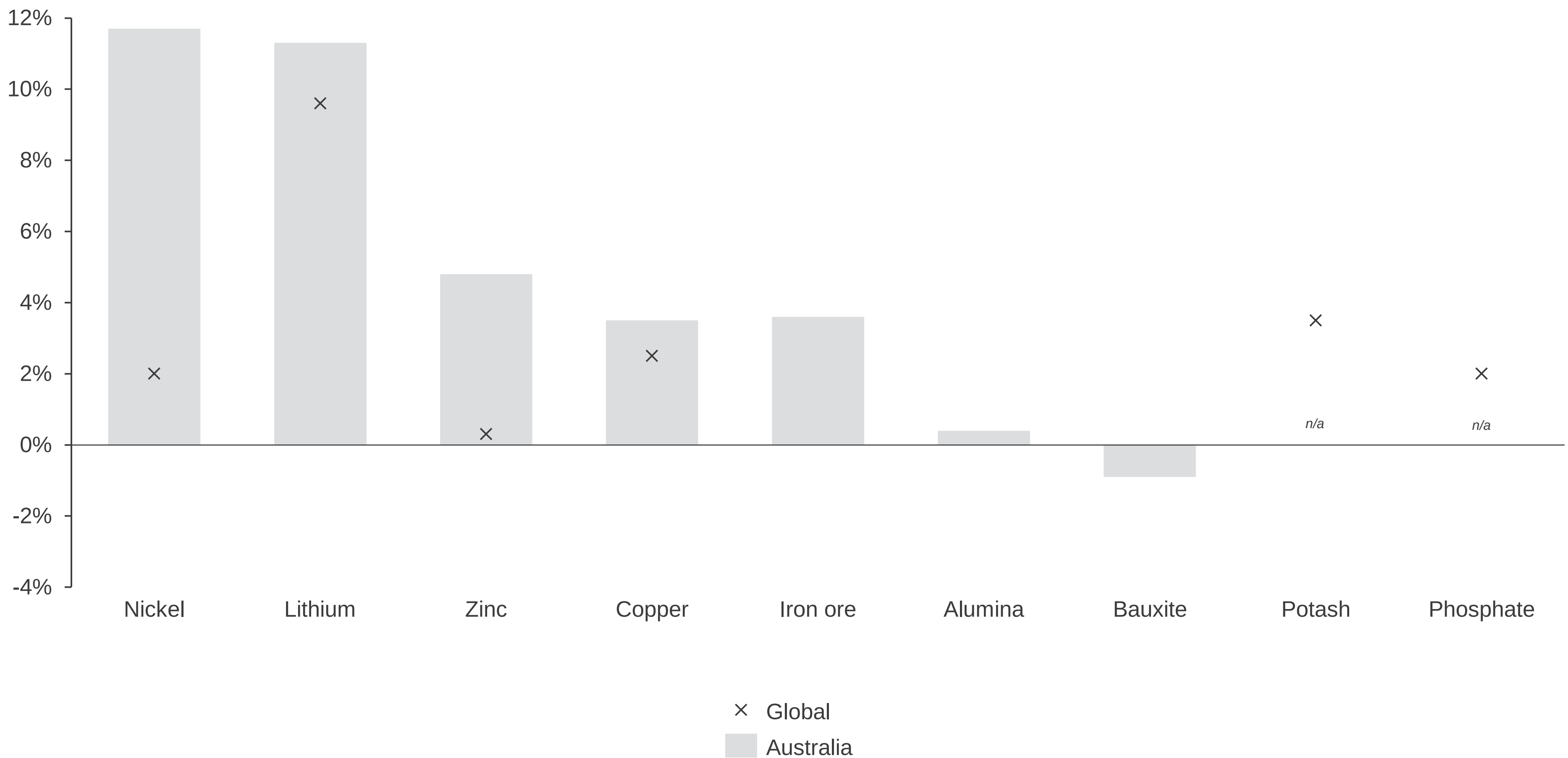


1. Metal Ore Mining includes: Iron ore, Bauxite, Copper, Gold, Mineral Sand, Nickel, Silver, Lead, and Zinc ore mining
Source: Australian Bureau of Statistics

Bulk commodities: Supply growth

GLOBAL AND AUSTRALIA SUPPLY GROWTH (CAGR 2019-2025)

Selected commodities

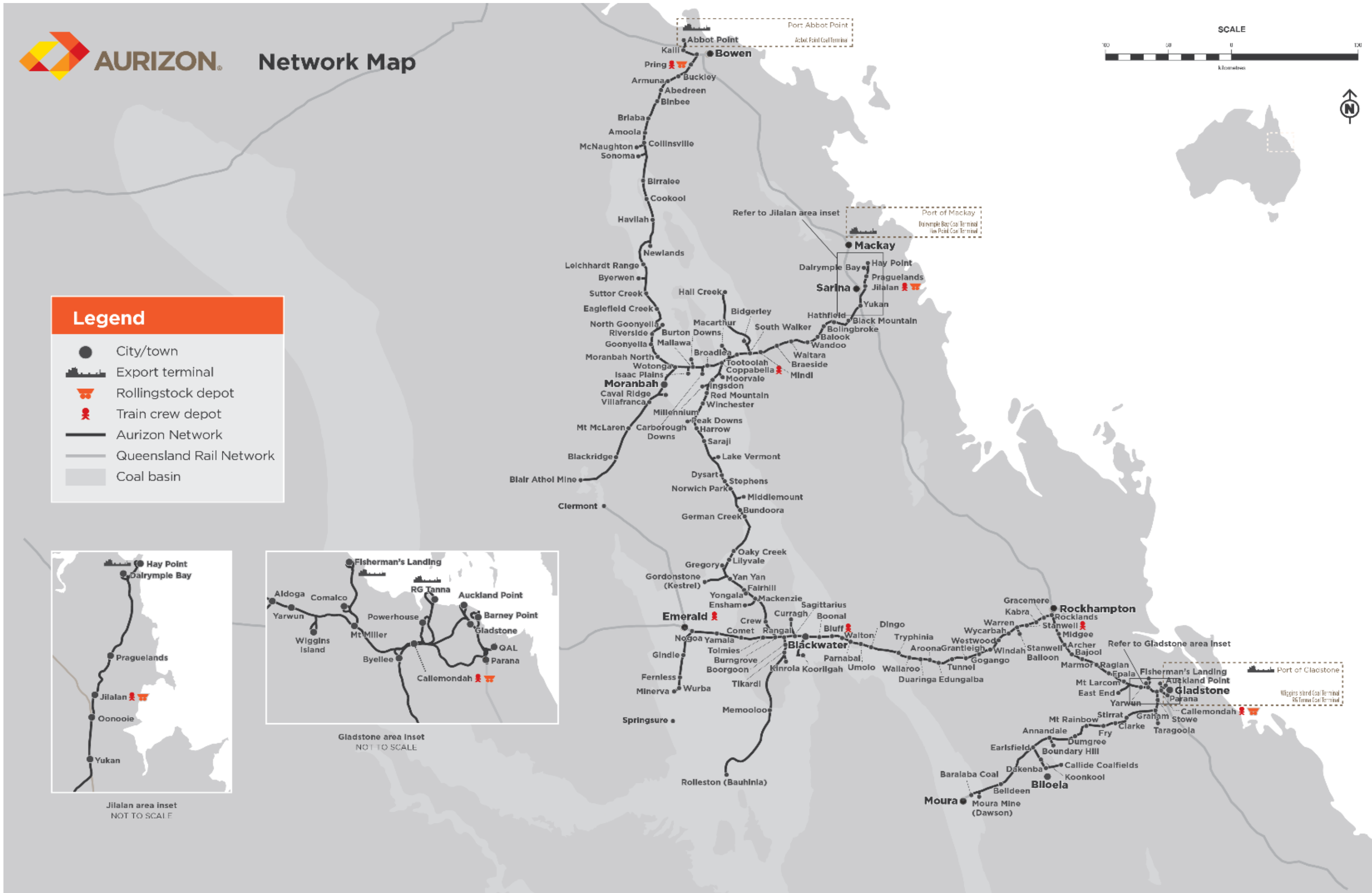


Notes/Sources: Lithium, Nickel, Bauxite, Iron ore, Alumina, Zinc, Copper: Office of the Chief Economist (Resources & Energy Quarterly March 2020), Potash and phosphate (Phosphate is represented by Phosphoric Acid): Food & Agriculture Organization of the United Nations – World fertilizer trends and outlook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

Additional information: Network

Central Queensland Coal Network (CQCN)

CQCN includes the Moura, Blackwater, Goonyella, Newlands and Goonyella to Abbot Point (GAPE) coal systems



AURIZON

Network financial and operating metrics

	1HFY2021	1HFY2020	Variance	2HFY2020
Tonnes (m)	103.7	116.6	(11%)	110.3
NTK (b)	26.0	29.0	(10%)	27.2
Operating Ratio	59.3%	61.0%	1.7ppt	60.1%
Maintenance/NTK ($/'000 NTK)	2.3	2.2	(5%)	2.4
Opex/NTK ($/'000 NTK)	13.5	12.5	(8%)	13.1
Cycle Velocity (km/hr)	22.9	23.9	(4%)	22.7
System Availability[1]	82.9%	82.2%	0.7ppt	84.5%
Average Haul Length (km)	250.7	248.3	1%	247.2

1. FY2021 utilises a new capacity model to calculate System Availability, therefore, the measure is not directly comparable to prior years

Network volumes: All rail operators (million tonnes)

	1HFY2021	1HFY2020	Variance	2HFY2020
Newlands	4.9	7.2	(32%)	6.9
Goonyella	51.3	61.3	(16%)	56.5
Blackwater	30.5	32.3	(6%)	30.3
Moura	6.8	6.2	10%	7.4
GAPE	10.3	9.6	7%	9.2
Total	**103.7**	**116.6**	**(11%)**	**110.3**

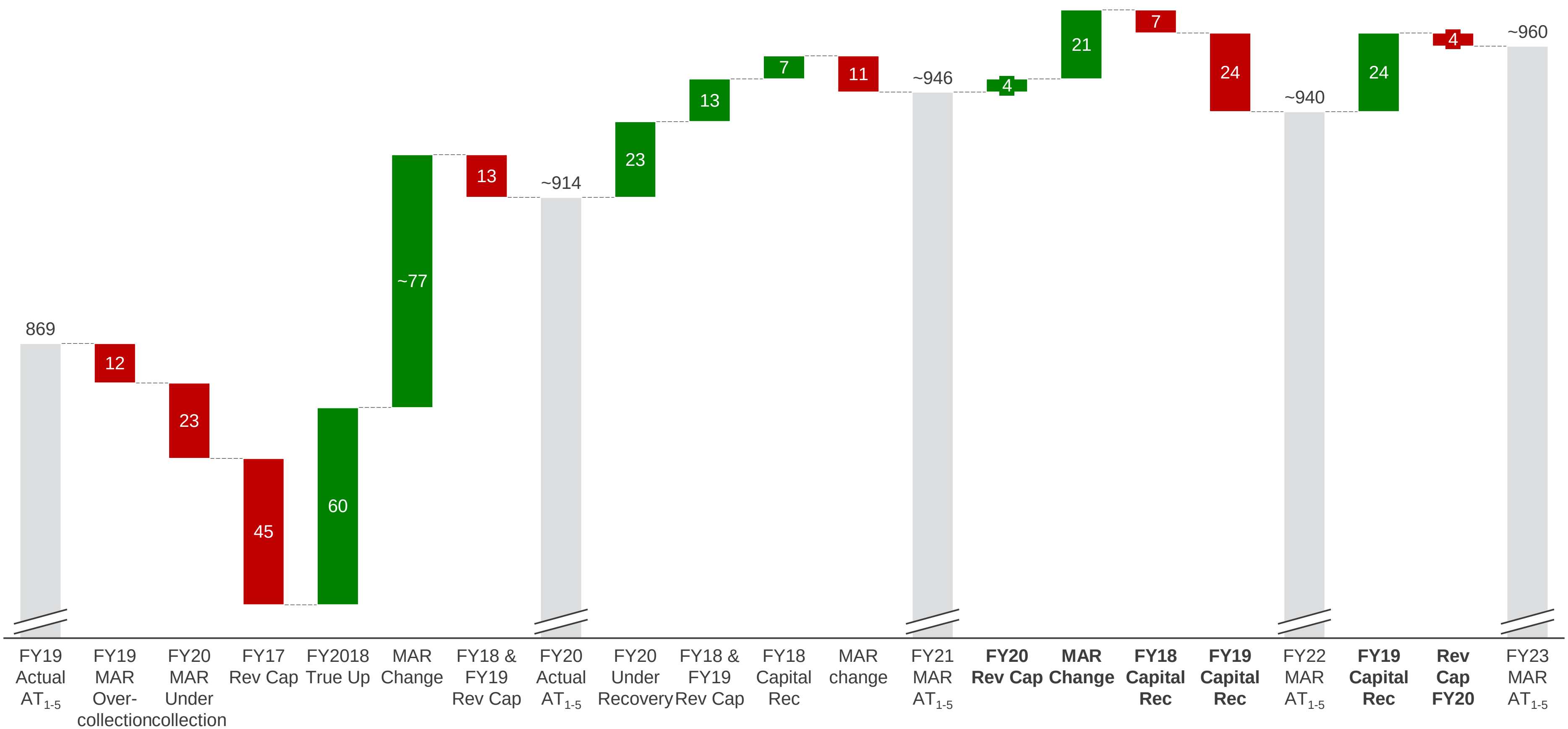
Note: Due to rounding, the sum of components may not equal the corresponding total

Network – 1HFY2021 Access Revenue movement

	$m	$m
Decrease in Maximum Allowable Revenue (MAR) from 1HFY2020 to 1HFY2021		(1.9)
Volume under-recovery for 1HFY2021		(65.7)
Volume under-recovery for 1HFY2020 (reversal of 1HFY2020 impact)		11.0
GAPE revenue		1.6
Revenue Cap Movements:		
FY2019 Revenue Cap (reversal of 1HFY2020 impact, payment to Access Holders)	6.1	
FY2018 Revenue Cap (reversal of 1HFY2020 impact, payment to Access Holders)	0.4	6.5
WIRP Fees		54.7
Rebates		(3.7)
Other Access Revenue		1.4
Movement in 1HFY2021 Access Revenue		**3.9**

Network adjusted MAR bridge – Approved UT5 Undertaking

INDICATIVE NETWORK ADJUSTED MAXIMUM ALLOWABLE REVENUE (MAR)^ FY2019 – FY2023 ($M)



^Amounts exclude GAPE and assumes no reduction in revenue due to Network non-performance. Amount excludes volume variances from FY2021 onwards. FY2021 MAR assumed a Report Date of March 2020 and therefore the MAR is based on a WACC of 6.3%. 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 (not included in the above chart). Due to rounding, the sum of components may not equal the corresponding total. FY2022 and FY2023 are subject to QCA approval.

Network revenue adjustment amounts (revenue cap)

Financial Year	AT_{2-4} (diesel tariff) \$m	AT_5 (electric tariff) \$m	Total \$m
2020[1,2]	(0.5)	3.5	3.0
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 $AT_{2\text{-}5}$ Revenue and Allowable $AT_{2\text{-}5}$ 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

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 was approved by the QCA on 17 December 2020.
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 \$1.4m return for GAPE

Reconciliation of billed MAR to reported access revenue

$m	FY2021 Estimate[1]	FY2020 Actual	FY2019 Actual
Billed Access Revenue (AT_1 to AT_5) (ex. GAPE)	946	927	885
Approved Adjustments to MAR			
Revenue Cap (ex. GAPE and inclusive of capitalised interest)[2]	-	(13)	44
UT5 MAR True-up	-	-	(60)
Regulated Access Revenue (ex. GAPE)	**946**	**914**	**869**
Total non-regulated Access Revenue (ex. GAPE)	86	35	16
Total GAPE Revenue (Regulatory + non-regulatory)	180	182	185
Total Access Revenue per Aurizon Statutory Accounts	**1,212**	**1,132**	**1,070**

1. FY2021 information is based on the approved Allowable Revenue and excludes any volume variances or Take-or-Pay
2. FY2020 Revenue Cap includes both the FY2018 and FY2019 net returns to Access Holders.

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

AURIZON

UT5 Undertaking

Aurizon Network's access undertaking establishes the framework for access to the coal rail infrastructure in central Queensland

UT5 TIMELINE

1 July 2017		3 May 2019 Initial Date		September 2021 Quarter Report Date[1]		1 July 2023 Reset Date		30 June 2027 Terminating Date
	WACC 5.7%		WACC 5.9%		WACC 6.3%		WACC *TBD*	

Initial Date

- The date on which the draft amending access undertaking (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 February 2021

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*

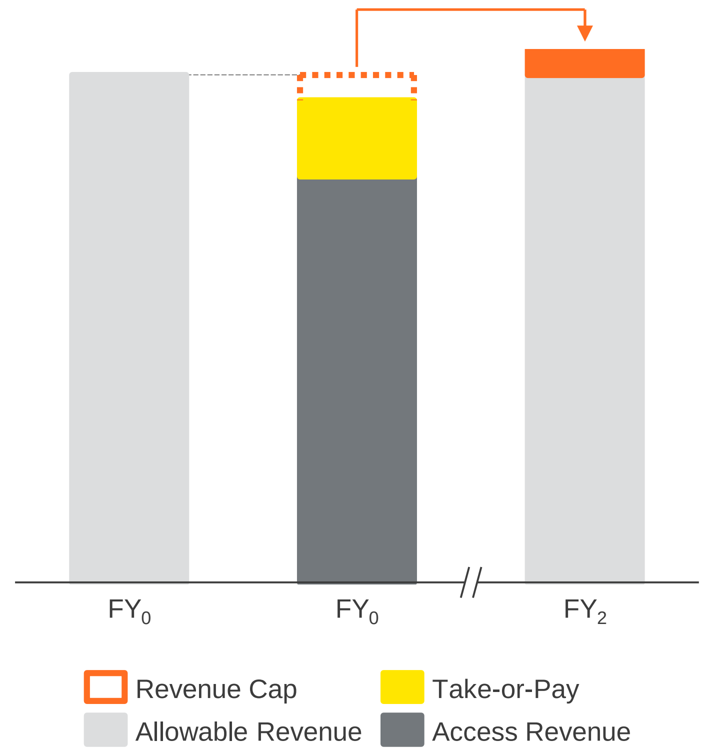
The MAR forms the basis for calculating reference tariffs[1] and determining *Allowable Revenue* $AT_{2\text{-}5}$ *(AR)*

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 available capacity)[3]
- ***Revenue Cap*** is the secondary mechanism and comes into effect in the event that *Take-or-Pay* does not recover a revenue shortfall[4]. 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 system

INDICATIVE SYSTEM REVENUE PROTECTION MECHANISM



1. Tariffs (All Systems): AT_1 Incremental Maintenance (Gross Tonne Kilometre-based), AT_2 Incremental Capacity (Path-based), AT_3 Allocative (Net Tonne Kilometre-based), AT_4 Allocative (Net Tonne-based). Tariffs (Electric Systems only): AT_5 Electric Access (Electric Gross Tonne Kilometre-based), EC Electric Energy (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 AT_5 tariff
4. Such an outcome has historically been driven by adverse weather events leading to force majeure, lowering available capacity. Revenue Cap only applies to AT_2, AT_4 and AT_5

UT5 Undertaking

Regulated 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 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 value of the RAB rollforward at 1 July 2020 is $5.5b. This excludes $0.4b 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 value of the Pricing RAB at 1 July 2020 is $5.4b. This excludes $0.4b of 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 Report Date (expected September 2021 quarter) › 6.30% from Report Date to 30 June 2023 › WACC reset at 1 July 2023 (reset of risk free rate, debt risk premium and inflation rate)
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 is being reclassified to the capital indictor 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 as per UT5 Final Decision › 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 › Methodology for calculating depreciation remains unchanged with the exception of asset life reset. Asset life reset will occur at 1 July 2023, under the UT5 Final Decision this would have occurred 1 July 2021
Operating expenditure	› Includes all costs associated with train control, planning, infrastructure management and business development. 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

UT5 Undertaking

QCA Role

- Will pre-approve Maintenance strategies and budgets in the event agreement is not reached between Network and customers[1]
- Will approve capital expenditure on a post-expenditure review basis for efficiency and prudency where Network and customers do not reach agreement[1]
- Can review the effectiveness of the rebate mechanism at June 2023
- Four years after Approval Date the QCA must review the appointment of the Independent Expert and may elect to appoint a new Independent Expert in its absolute discretion
- Approve the reset of the WACC parameters on 30 June 2023 based on the agreed methodology
- The QCA has greater audit rights
- All other responsibilities that the QCA had under the access undertaking remain

1. Not necessary for FY2021 given the Rail Industry Group approved maintenance and renewals strategies and budgets on 14 February 2020

Independent Expert

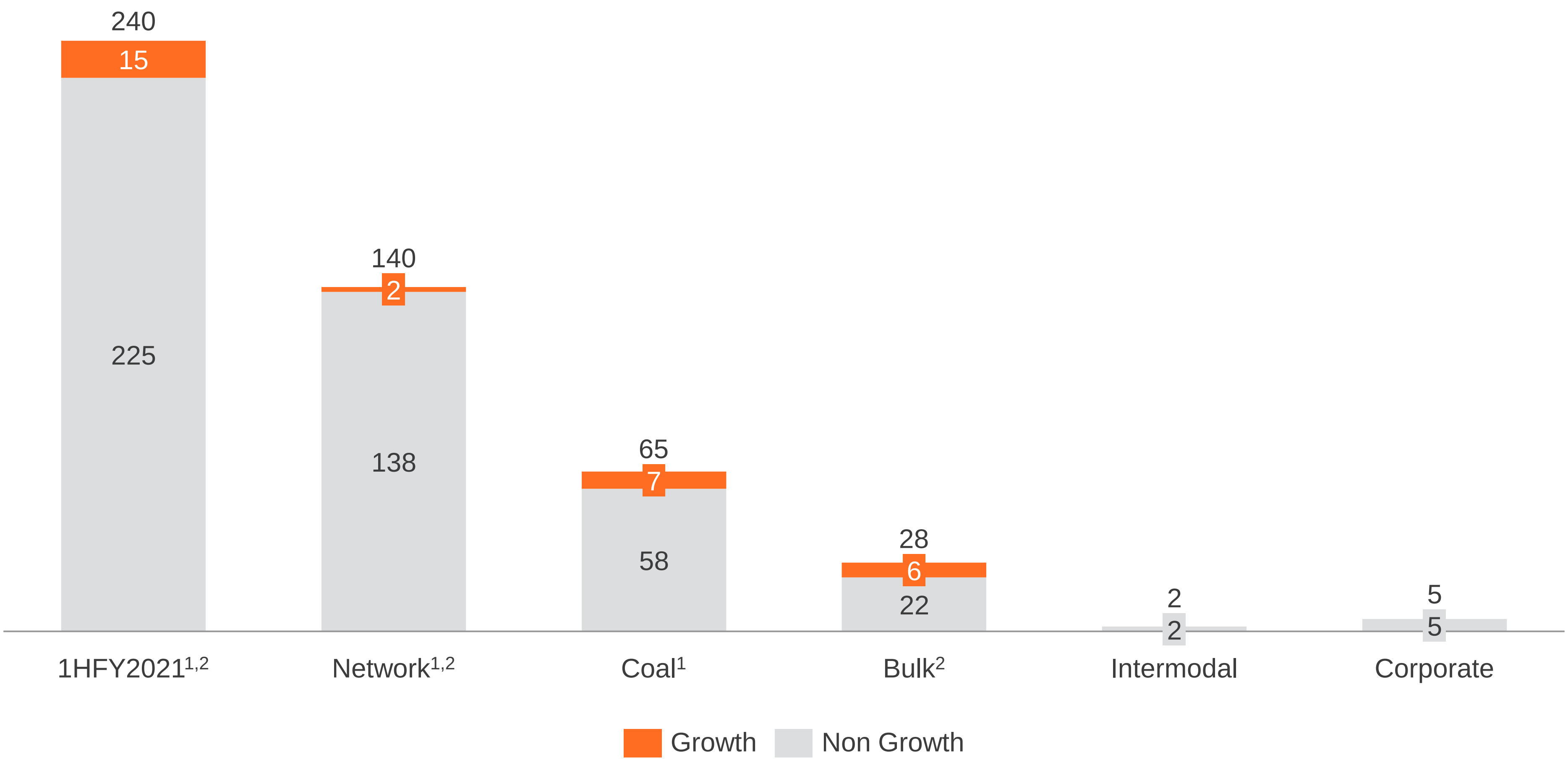
The Independent Expert, Coal Network Capacity Co Pty Ltd, is progressing development of the Initial Capacity Assessment Report (ICAR) and remaining obligations

Activity	Progress	Notes
› Incorporation of Coal Network Capacity Co Pty Ltd	●	Complete
› Appointment of Chairman & CEO	●	Complete
› Recruitment of Internal/External Resources required for ICAR	●	Complete
› ICAR Model Development	○	Well Advanced
› Draft SOP Development	○	Advanced
› Draft ICAR Development	○	Advanced
› Verification and Publication of ICAR	○	Estimated publication date: Q1 FY2022
› Preliminary Response to ICAR	○	20 business days after publication of ICAR if an existing capacity deficit is identified

Additional information: Capital Expenditure

1HFY2021 group and business unit capital expenditure ($m)

Capital result in line with guidance for FY2021



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
Take-or-Pay	Contractual Take-or-Pay 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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