



Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

22 October 2021

Aurizon announces agreement for acquisition of One Rail Australia

Attached is an ASX announcement, including a copy of the related Investor Presentation slides for release to the market.

Aurizon will be holding an investor briefing today at 1000am (Brisbane time); 1030am (Adelaide) and 1100am (Sydney/ Melbourne). To access the briefing, please click here <https://services.choruscall.com/mediaframe/webcast.html?webcastid=zEI8VMDo>

Kind regards

A handwritten signature in blue ink, appearing to read "M. W.", followed by a horizontal line and a small flourish.

David Wenck
Company Secretary

Authorised for lodgement by the Aurizon Holdings Limited Board of Directors

ASX Announcement

Date: 22 October 2021

Aurizon announces agreement for acquisition of One Rail Australia

Aurizon today announced it had signed an agreement with Macquarie Asset Management, on behalf of its managed funds and client, to acquire One Rail Australia (ORA) for \$2.35 billion.

ORA comprises bulk rail haulage and general freight assets in South Australia (SA) and the Northern Territory (NT); the 2,200km Tarcoola-to-Darwin railway line; and a haulage business in New South Wales (NSW) and Queensland (Qld).

Aurizon will divest ORA's NSW and Qld business ("East Coast Rail or ECR") through a demerger or a trade sale, whichever creates greater value for Aurizon shareholders.

Aurizon will retain and integrate the ORA bulk and general freight assets into the Aurizon business. These include the Tarcoola-to-Darwin rail infrastructure, South Australian regional infrastructure, five rail yards, 68 active locomotives, over 1000 active wagons and approximately 400 employees. Further details are available in the full presentation lodged by Aurizon with the Australian Securities Exchange. An overview slide is included at the end of this announcement showing the ORA business and the proposed integration and divestment of assets by Aurizon.

The purchase is subject to several customary conditions precedent and regulatory and consent conditions, including clearance from the Australian Competition and Consumer Commission (ACCC).

The acquisition is fully funded from a combination of Aurizon's existing debt facilities and underwritten by new committed debt facilities.

One Rail Australia is a strong, profitable business with an aggregate estimated Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) of \$220 million for CY2021 (ORA's Bulk ~\$80 million; ECR ~\$140 million).

Managing Director & CEO Andrew Harding said the transaction offered a unique opportunity to grow Aurizon's business and create value for shareholders.

"The One Rail acquisition is highly strategic and transformative for Aurizon. It is fully aligned with Aurizon's strategy to grow our Bulk freight business into new markets and new geographies in Australia," Mr Harding said.

"At our Investor Strategy Day in June, we detailed our aspiration to double our earnings in the Bulk business over the coming decade. The One Rail acquisition delivers a step change for Aurizon Bulk as a new entrant in the SA and NT region, and supports the ongoing growth of non-coal revenue in the Aurizon portfolio.

"Upon completion of the transaction, with the integration of One Rail bulk and divestment of ECR, the Bulk share of Aurizon's haulage revenue will represent around 40%.¹

"The ORA bulk infrastructure and operations in SA and NT provide customers with a safe, efficient and effective pathway to market for numerous existing commodities and growth opportunities in base metals, agriculture, iron ore and for new-economy metals such as manganese and copper."

Aurizon will be committing to an enforceable undertaking with the ACCC to divest ECR following the completion of the ORA transaction. Until that time, ECR will be operated independently of the Aurizon Group with a separate CEO and management team. The ECR divestment commitment is to address potential competition concerns from the ACCC arising from the transaction, and a final decision on the form of divestment will be based on delivering the best value outcome for Aurizon shareholders.

¹ Haulage revenue includes Above Rail Coal (excluding track access), Above Rail Bulk (excluding track access) and One Rail Bulk (which includes South Australia/Northern Territory Infrastructure). Network (Central Queensland Coal Network) is excluded.

The ECR business includes a long-term coal haulage contract with Glencore for its mines in the Hunter Valley, NSW offering strong and stable cashflows.

Aurizon aims to complete the ORA acquisition by January – April 2022 but this is subject to regulatory approvals and other conditions precedent referred to above. Divestment of ECR, again subject to timing of the regulatory approvals of the acquisition, is targeted for completion in CY2022.

Aurizon will be holding an investor briefing today at 1000am (Brisbane time); 1030am (Adelaide) and 1100am (Sydney/ Melbourne). To access the briefing, please click here [Webcast | Aurizon - Investor Briefing](#)

For more information:

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Media:

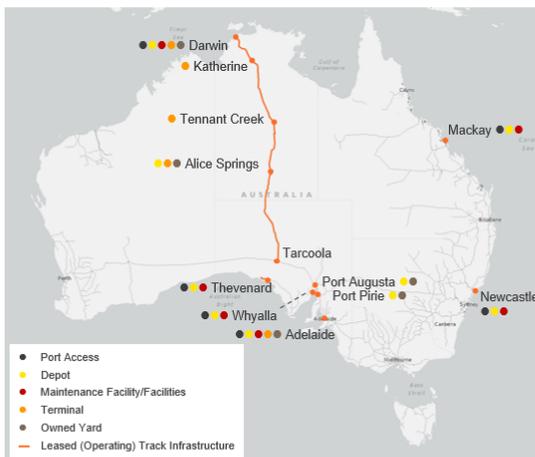
Mark Hairsine
+61 418 877 574

Extract from Aurizon presentation *Acquisition of One Rail Australia and Divestment of East Coast Rail*, available on the Aurizon and ASX websites:

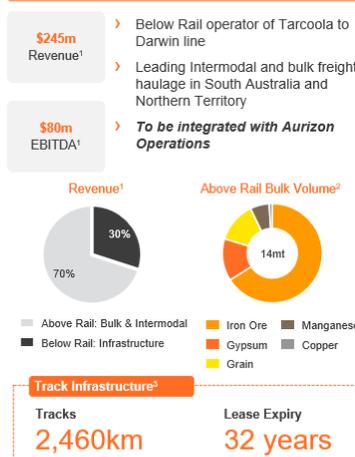
One Rail operations

One Rail Bulk is an integrated rail business in central Australia. East Coast Rail provides coal haulage in Hunter Valley and Central Queensland

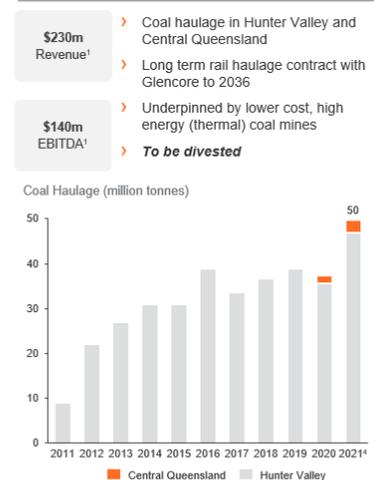
ONE RAIL – OVERVIEW



ONE RAIL BULK



EAST COAST RAIL



1. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations. Excludes any corporate and operational synergies
 2. Estimated CY2021 based on nine months of actual data and three months of forecast data
 3. Track infrastructure is Tarcoola to Darwin and (operating) South Australia (SA) intrastate infrastructure (Kevin to Thevenard line, and yards/sidings on the interstate mainline). Non-operating (SA) track: Eyre Peninsula lines (excluding Thevenard), Mid-North and Barossa lines and Murray-Mallee region lines. Lease expiry is weighted average (by km) of Tarcoola-Darwin and (operating) SA Intrastate Network
 4. Year-to-date (to 30 September 2021), annualised



Acquisition of One Rail and Divestment of East Coast Rail

22 October 2021

Disclaimer

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INFORMATION ON ONE RAIL AND EAST COAST RAIL

The information on One Rail and East Coast Rail (and their related entities) and their respective assets contained in this document has been prepared by Aurizon using certain information provided or made available to Aurizon by third parties through a process as part of which Aurizon was provided or given access to limited information about the target business, and other publicly available information. While Aurizon has taken certain steps to confirm the accuracy and completeness of this information, neither Aurizon, or any of its officers, employees or representatives has independently verified, nor will verify, or makes any representation or warranty (express or implied) as to the accuracy or completeness of, such information.

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This document contains "forward-looking statements". The words "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "goals", "aims", "target" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. The forward-looking statements are not based on historical facts, but rather on current beliefs, assumptions, expectations, estimates and projections of Aurizon. These statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond Aurizon's control. As a result, actual results or developments may differ materially from those expressed in the forward-looking statements contained in this document. Aurizon cautions against reliance on any forward-looking statements or guidance.

Except as required by applicable regulations or by law, Aurizon is not under any obligation to update these forward-looking statements (or scenario analysis) to reflect events or circumstances that arise after publication.

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Agenda

1	Transaction Overview	Andrew Harding, Managing Director & Chief Executive Officer
2	Introduction to One Rail Bulk	Clay McDonald, Group Executive Bulk
3	Introduction to East Coast Rail	George Lippiatt, Chief Financial Officer & Group Executive Strategy
4	Transaction Funding and Process	George Lippiatt
5	Conclusion	Andrew Harding
6	Q&A	



Transaction Overview

Andrew Harding
Managing Director & CEO



Highlights

Acquisition of One Rail with integration of One Rail Bulk and divestment of East Coast Rail through a demerger or trade sale



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

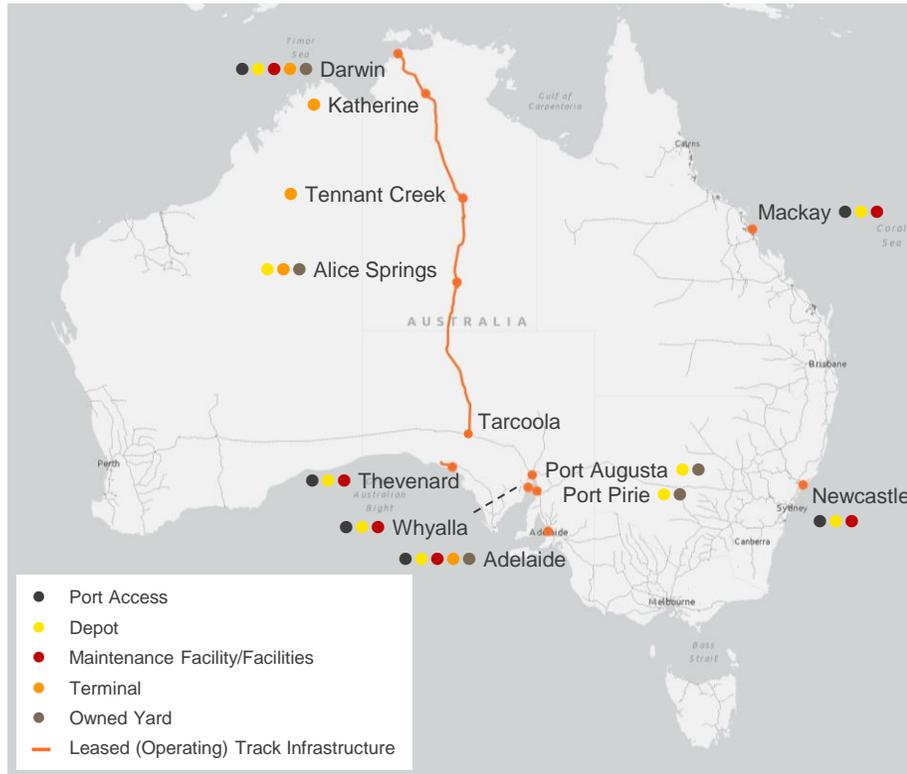
Aurizon dividend policy remains at 70-100% of underlying Net Profit After Tax
Dividends likely toward the lower end of the range for 1-2 years with the final outcome dependant on the divestment option undertaken for East Coast Rail
Committed to maintaining current BBB+ / Baa1 credit rating

1. Haulage revenue includes Above Rail Coal (excluding track access), Above Rail Bulk (excluding track access) and One Rail Bulk (which includes South Australia/Northern Territory Infrastructure). Network (Central Queensland Coal Network) excluded
2. 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

One Rail operations

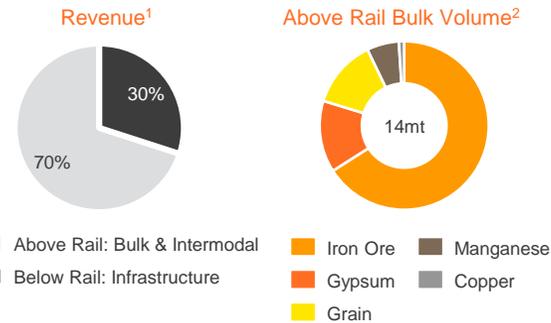
One Rail Bulk is an integrated rail business in central Australia. East Coast Rail provides coal haulage in Hunter Valley and Central Queensland

ONE RAIL – OVERVIEW



ONE RAIL BULK

- \$245m Revenue¹**
- \$80m EBITDA¹**
- > Below Rail operator of Tarcoola to Darwin line
- > Leading Intermodal and bulk freight haulage in South Australia and Northern Territory
- > **To be integrated with Aurizon Operations**

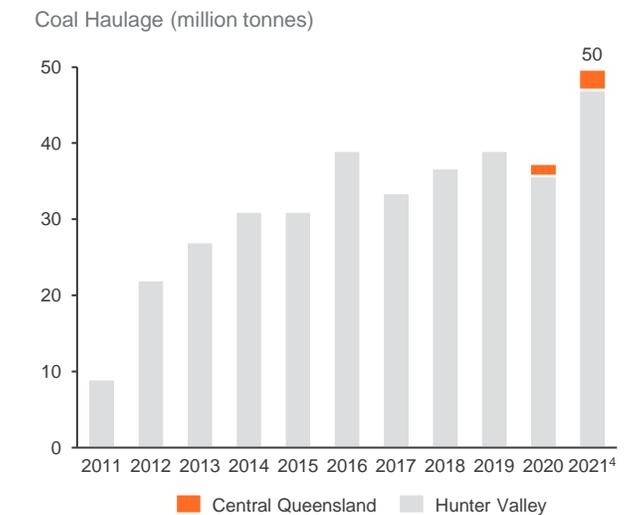


Track Infrastructure³

Tracks **2,460km** Lease Expiry **32 years**

EAST COAST RAIL

- \$230m Revenue¹**
- \$140m EBITDA¹**
- > Coal haulage in Hunter Valley and Central Queensland
- > Long term rail haulage contract with Glencore to 2036
- > Underpinned by lower cost, high energy (thermal) coal mines
- > **To be divested**



1. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations. Excludes any corporate and operational synergies
 2. Estimated CY2021 based on nine months of actual data and three months of forecast data
 3. Track infrastructure is Tarcoola to Darwin and (operating) South Australia (SA) intrastate infrastructure (Kevin to Thevenard line, and yards/sidings on the interstate mainline). Non-operating (SA) track: Eyre Peninsula lines (excluding Thevenard), Mid-North and Barossa lines and Murray-Mallee region lines. Lease expiry is weighted average (by km) of Tarcoola-Darwin and (operating) SA Intrastate Network
 4. Year-to-date (to 30 September 2021), annualised

Transaction summary

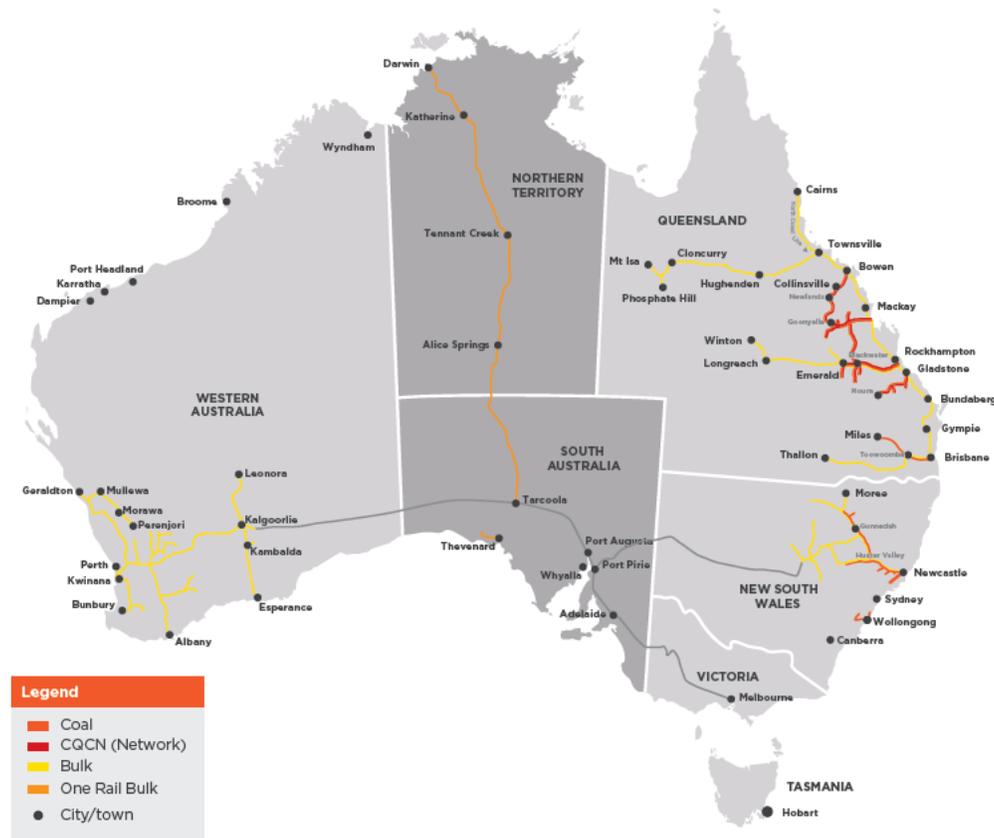
1 Acquisition of 100% of One Rail Australia	<ul style="list-style-type: none"> › Cash consideration of A\$2.35 billion (plus ~\$80m acquisition and divestment related fees) › Highly strategic and transformative acquisition for Aurizon and consistent with capital allocation framework › While several options were assessed, it was determined the combined package of One Rail assets would deliver greater value to our shareholders and also met the vendors' requirements in selling the business as a whole
2 Divestment of East Coast Rail	<ul style="list-style-type: none"> › Divestment through a demerger or a trade sale, whichever creates greater shareholder value › Addresses ACCC requirements and aligns with Aurizon strategy to grow Bulk
3 Funded from existing resources and underwritten new committed debt facilities	<ul style="list-style-type: none"> › A\$1.93 billion debt for Aurizon Operations › A\$500 million secured debt for East Coast Rail › Engagement with ratings agencies well advanced, commitment remains to Aurizon Operations BBB+/Baa1 credit ratings › Investment grade credit rating targeted for East Coast Rail
4 Completion targeted for early CY2022	<ul style="list-style-type: none"> › Positive engagement to date with various regulatory authorities › Divestment of East Coast Rail (through a demerger or trade sale) to take place after completion

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

Opportunity for Aurizon Bulk

Expansion into South Australia and Northern Territory and increased exposure to commodities associated with new economy markets

INTEGRATED ABOVE AND BELOW RAIL EXPOSURE TO CENTRAL AUSTRALIA



GREATER EXPOSURE TO NEW ECONOMY MARKETS SUPPORTED BY GLOBAL DEMAND TRENDS



Population growth, urbanisation and industrialisation in Asia



Global energy transition through the development of wind turbines, battery development, electric cars and solar panels



Reduction in steel production emissions requires supply of high-grade iron ore such as magnetite



A growing world population and changing diets driving increased crop production and fertiliser use

Value created for Aurizon

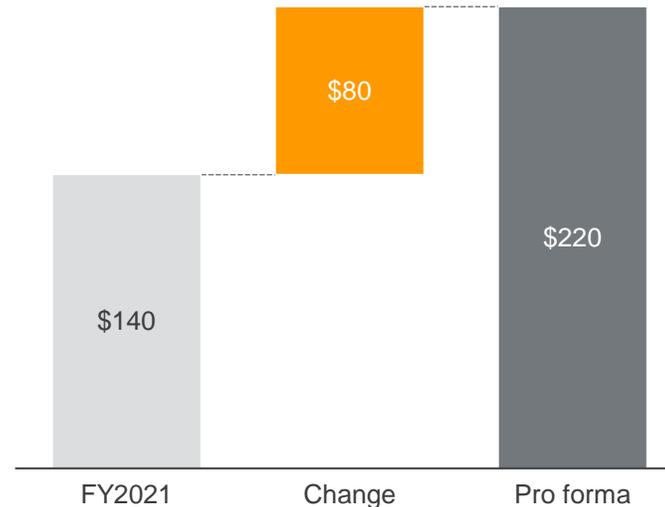
Consistent with our Bulk growth strategy aspiration to more than double EBIT by 2030¹

Growing bulk business with new markets

Our aspiration to double the size of the Bulk business by 2030

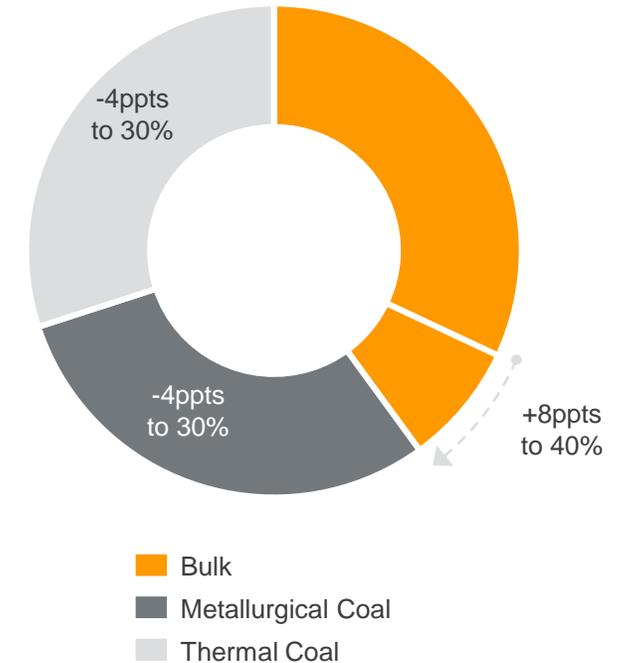
Aurizon Investor Day June 2021

AURIZON BULK: UNDERLYING EBITDA² (A\$m)



Earnings post-completion projected to increase driven by volume growth and ~\$7-\$10m of synergies

AURIZON HAULAGE REVENUE (FY21)³



1. Refer Investor Day presentation 8 June 2021

2. Change represents One Rail Bulk estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations. Excludes any corporate and operational synergies

3. Haulage revenue includes Above Rail Coal (excluding track access), Above Rail Bulk (excluding track access) and One Rail Bulk (which includes South Australia/Northern Territory Infrastructure). Network (Central Queensland Coal Network) excluded

East Coast Rail

Stable operating cash flows underpinned by long-term Hunter Valley take or pay contract

- ✓ Underpinned by long-term rail haulage contract with Glencore (to 2036) representing approximately 85% of projected coal volumes in CY2021
- ✓ Average mine life of Hunter Valley contracted mines of 20 years¹ with the majority of coal volume ranked in the top quartile of energy content²
- ✓ Ability to redeploy fleet to pursue new Bulk opportunities in the region
- ✓ Experienced management team, with John McArthur (current One Rail Chief Commercial Officer with 30 years of rail industry experience) to be appointed Chief Executive Officer
- ✓ Stable operating cash flows supporting free cash flow yield, targeting investment grade credit rating



1. Weighted average mine life of Glencore contracted mines

2. Wood Mackenzie Cost Curve 2021 (Dataset: August 2021), Gross As Received (GAR) basis



Introduction to One Rail Bulk

Clay McDonald
Group Executive Bulk

Highlights of One Rail Bulk

Acquisition is aligned with Aurizon’s Bulk growth strategy and provides a step change in Bulk earnings

INTEGRATED ABOVE AND BELOW RAIL BUSINESS

- ✓ Leading provider of intermodal and bulk freight in South Australia and Northern Territory
- ✓ Operates 2,460km¹ below rail infrastructure including Tarcoola to Darwin line
- ✓ Scope and scale opportunity that opens up new customers, channels, and geographies

GROWTH PLATFORM TO FURTHER DIVERSIFY CURRENT BULK BUSINESS

- ✓ Increased commodity exposure to new economy markets
- ✓ Direct access to port facilities with capacity available – Darwin, Adelaide, Port Pirie
- ✓ Enhanced customer value proposition for Aurizon with operations across four states and Northern Territory

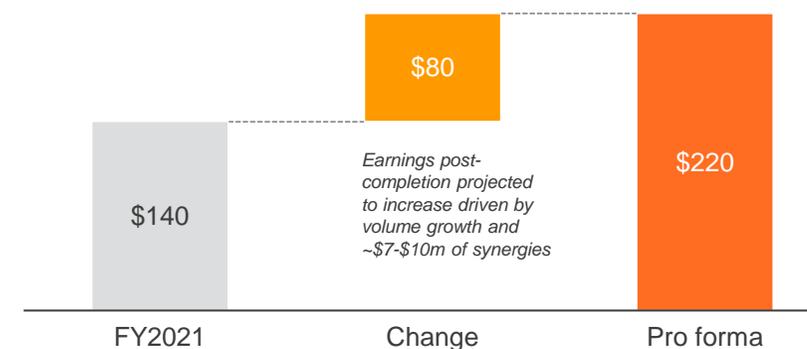
INTEGRATION

- ✓ Extract value through the enhanced capacity of the combined rail entity, and complemented with Aurizon's supply chain development capabilities
- ✓ Synergies estimated at an annual benefit of \$7m - \$10m
- ✓ Flexibility to redeploy excess rolling stock across Group

AURIZON BULK: REVENUE² (\$Am)



AURIZON BULK: UNDERLYING EBITDA² (A\$m)



1. Track infrastructure is Tarcoola to Darwin and (operating) South Australia (SA) intrastate infrastructure (Kevin to Thevenard line, and yards/sidings on the interstate mainline). Non-operating (SA) track includes: Eyre Peninsula lines (excluding Thevenard), Mid-North and Barossa lines and Murray-Mallee region lines.

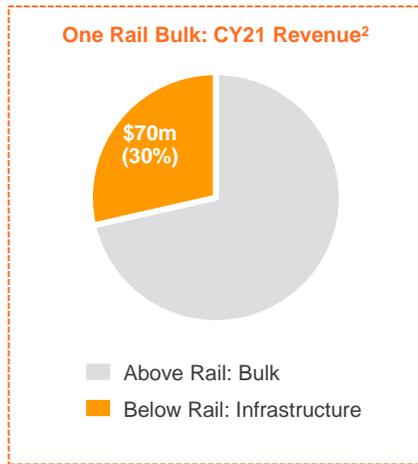
2. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations. Excludes any corporate and operational synergies

Below Rail: Infrastructure

A critical piece of rail infrastructure to support long-term growth ambitions

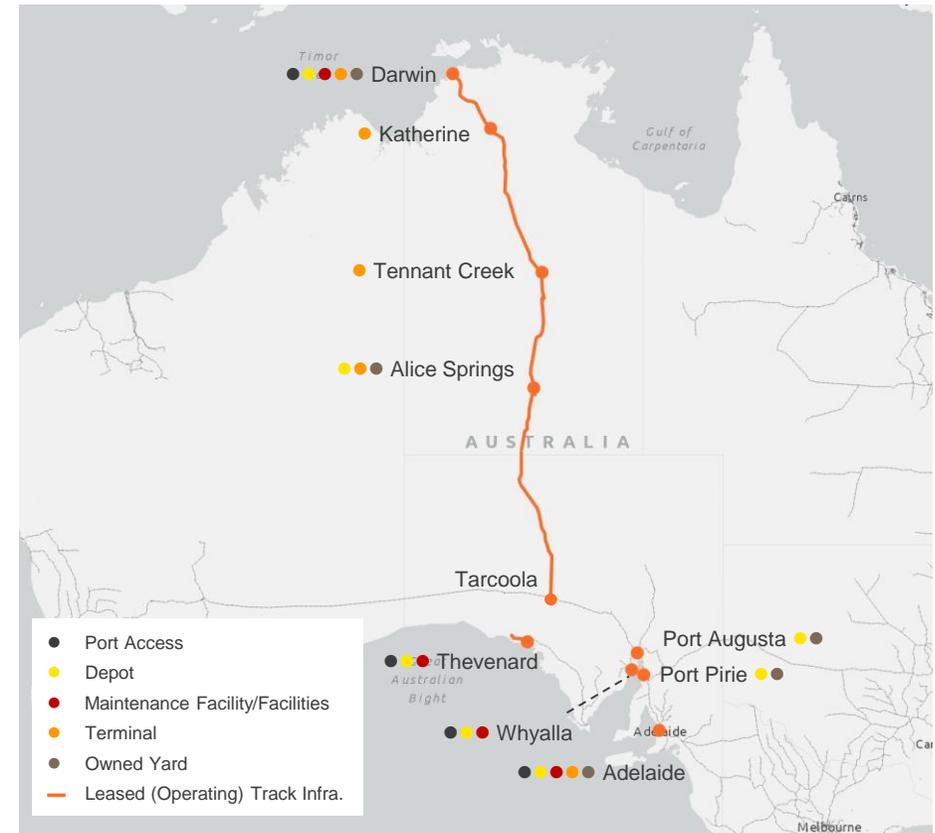
OVERVIEW

- › Economic owner of two long term rail concessions covering 2,460km¹ of track across South Australia and Northern Territory
- › Revenue underpinned by a regulatory regime and negotiate / arbitrate framework regulated by *Essential Services Commission of South Australia*
- › Readily available capacity to support growth opportunities



	Tarcoola-Darwin ¹	SA Interstate Network ¹
Concession Grantor	AustralAsia Railway Corporation	SA Government
Expiration	2054	2047
Track (km)	2,245	215

TRACK INFRASTRUCTURE

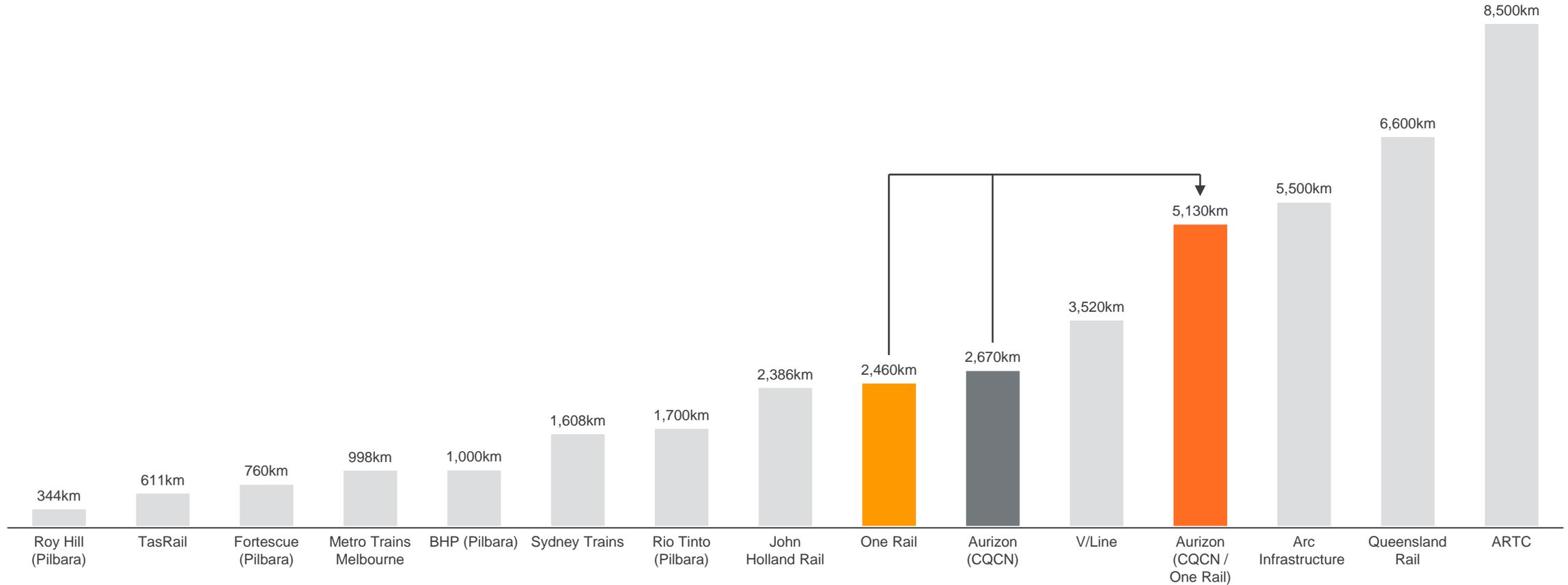


1. Track infrastructure is Tarcoola to Darwin and operating South Australia (SA) intrastate infrastructure (Kevin to Thevenard line, and yards/sidings on the interstate mainline). Non-operating SA track includes: Eyre Peninsula lines (excluding Thevenard), Mid-North and Barossa lines and Murray-Mallee region lines
 2. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations

Below Rail: Infrastructure

Acquisition almost doubles Aurizon's existing rail infrastructure

Australian Rail Infrastructure Management (kilometres)

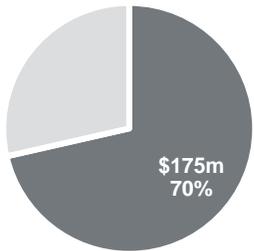


Notes: Rail infrastructure management <200km excluded. **TasRail**: route kilometres of operational rail track only. **BHP (Pilbara)**: includes rail infrastructure. **Sydney Trains**: includes track managed and maintained. **Rio Tinto**: includes rail network and related infrastructure. **John Holland Rail** (Country Regional Network (NSW) – contracted infrastructure manager): includes operational rail track only. **One Rail**: Tarcoola to Darwin and operating South Australia (SA) intrastate infrastructure (Kevin to Thevenard line, and yards/sidings on the interstate mainline). Non-operating SA track: Eyre Peninsula lines (excluding Thevenard), Mid-North and Barossa lines and Murray-Mallee region lines. **V/line**: includes leased and maintained rail track. **Arc Infrastructure**: includes rail track not in use. **Australian Rail Track Corporation (ARTC)**: distance in route kilometres, includes rail network managed and maintained. Source: Company websites, Sydney Trains Annual Report 2019-20.

Above Rail: Bulk and Intermodal

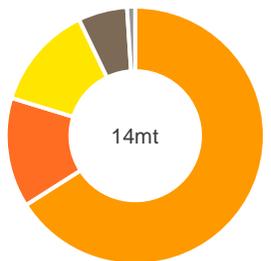
Leading provider of intermodal and bulk freight in South Australia and Northern Territory

One Rail Bulk: CY21 Revenue¹



Below Rail: Infrastructure

One Rail Bulk: CY21 Volume²



Iron Ore
Gypsum
Grain
Manganese
Copper

BULK

- › Diversified mix of bulk minerals and agriculture, hauling iron ore, manganese, gypsum, copper and grain
- › Insourced rollingstock and track infrastructure maintenance functions

INTERMODAL

- › Sole rail freight operator on the Tarcoola-Darwin corridor
- › Transports consumer goods, general cargo, construction materials, bulk liquids and special cargo between Adelaide and Darwin
- › Terminals at Alice Springs, Tennant Creek, Katherine and Darwin
- › Services centred around Australia’s four major freight forwarders and Woolworths



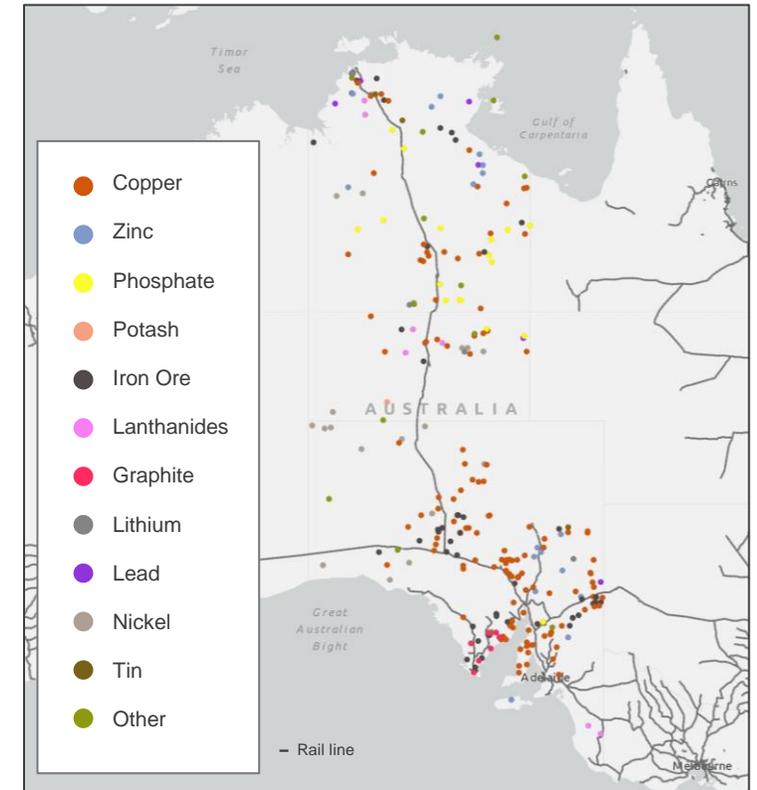
1. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations
 2. Estimated CY2021 based on nine months of actual data and three months of forecast data

Greater exposure to new economy commodities

There are over 250 projects¹ across South Australia and Northern Territory

Commodity	Demand Driver	South Australia and Northern Territory Exposure
Copper	<p>Batteries, telecommunications</p>	<ul style="list-style-type: none"> › Australia holds the second largest copper resources globally, with two-thirds contained in South Australia²
Grain	<p>Food consumption</p>	<ul style="list-style-type: none"> › South Australia produces around 20% of Australia's grain production, averaging six million tonnes per annum (over the past five years)³
Magnetite	<p>Green Steel</p>	<ul style="list-style-type: none"> › South Australia holds around 44% of Australia's total identified magnetite resource⁴
Phosphate	<p>Fertiliser, agriculture</p>	<ul style="list-style-type: none"> › The Georgina Basin, encompassing parts of both Queensland and Northern Territory account for almost all of Australia's phosphate rock resources⁵
Rare Earths	<p>Batteries, wind turbines</p>	<ul style="list-style-type: none"> › Australia is ranked sixth in the world for rare earth resources⁶. South Australia holds around 80% of Australia's total rare earth oxides resource⁷

SA & NT MINE PROJECTS¹



1. S&P Market Intelligence (Mine projects: all commodities excluding precious metals, diamonds, coal and uranium. Project status: exploration to pre-production)
 2. Geoscience Australia, Australia's Identified Mineral Resources 2020
 3. Australian Crop Report, Australian Bureau of Agricultural and Resource Economics and Sciences, September 2021
 4. South Australian Government, SA Magnetite Strategy (December 2017)
 5. Geoscience Australia, Australia's Identified Mineral Resources 2020
 6. Geoscience Australia, Australia's Identified Mineral Resources 2020
 7. Geoscience Australia (website)



Introduction to East Coast Rail

George Lippiatt
CFO & Group Executive Strategy

Highlights of East Coast Rail

A highly cash generative business

EXCLUSIVE HUNTER VALLEY HAULAGE RIGHTS

- ✓ Long-term rail haulage contract with Glencore to 2036
- ✓ Minimum guaranteed volumes to 2034 with no commodity price risk
- ✓ Underpinned by lower cost, high energy (thermal) coal mines

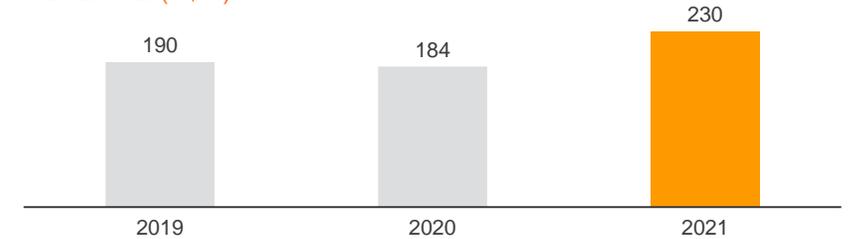
STABLE CASH FLOWS

- ✓ Highly cash generative – strong EBITDA margin and core capex <5% of revenue
- ✓ Utility-like stable cash flows support strong free cash flow yield
- ✓ Targeting an investment grade credit rating

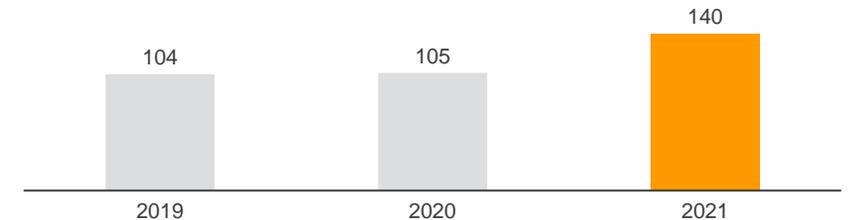
PLATFORM FOR FUTURE DIVERSIFICATION

- ✓ Young fleet with average locomotive age of 9 years (Hunter Valley)
- ✓ Versatile fleet optimally positioned for deployment to pursue new opportunities as they arise
- ✓ Scope to pursue agriculture, construction materials and new economy commodities

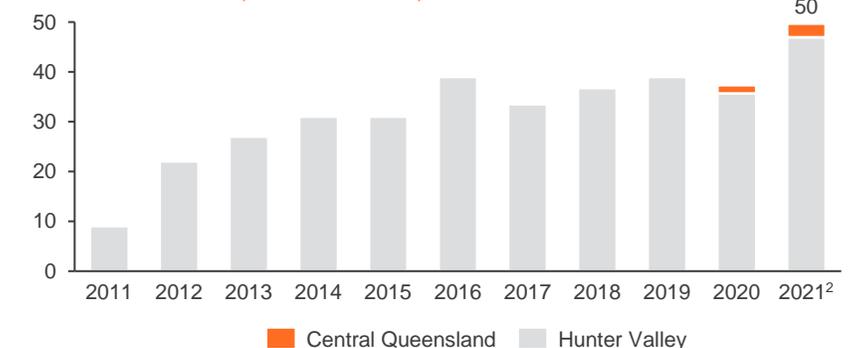
REVENUE (A\$m)¹



UNDERLYING EBITDA (A\$m)¹



COAL HAULAGE (Million Tonnes)



1. Estimated CY2021 based on nine months of actual data and three months of forecast data, post intercompany allocations
 2. Year-to-date (to 30 September 2021), annualised

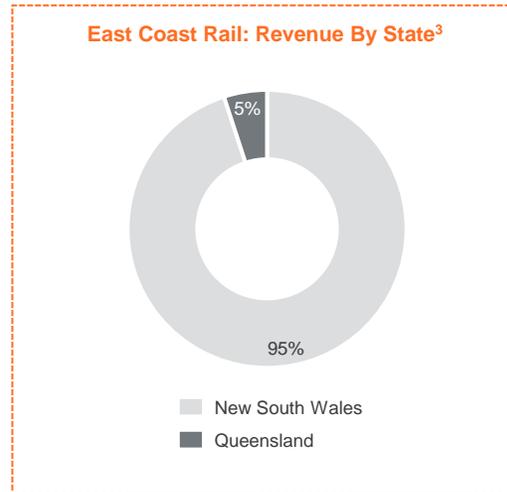
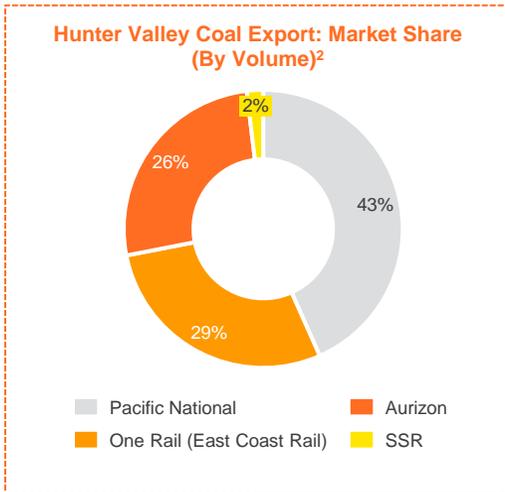
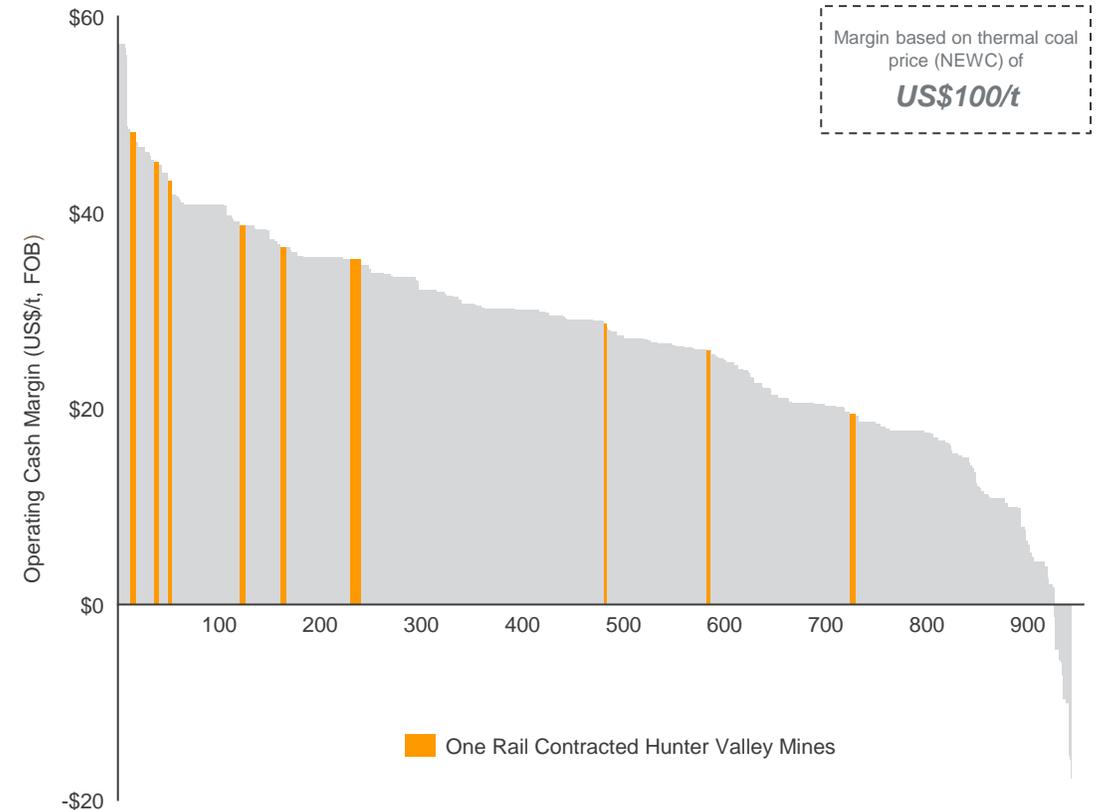
Overview of East Coast Rail

Haulage of approximately 30% of Hunter Valley export volumes

BUSINESS OVERVIEW

- > Exclusive hauler of export coal from Glencore managed mines in the Hunter Valley with an average mine life of 20 years¹
- > Recent expansion into Queensland's Central Coal Network
- > Highly cash generative business with low capital intensity

ONE RAIL CONTRACTED HUNTER VALLEY MINES Global Seaborne Thermal Coal Cash Margins⁴



1. Weighted average mine life of Glencore contracted mines
 2. Estimated market share based on Hunter Valley Coal Chain Coordinator (HVCCC) train services data (nine months to 30 September 2021) multiplied by average payload assumptions
 3. Revenue split is based on actual data for the nine months to September 2021
 4. Wood Mackenzie Thermal Coal Cash cost / Margin Curve 2021 (Dataset: August 2021), Thermal benchmark price (NEWC) assumption: US\$100/t (Free on Board)

Intention to divest East Coast Rail

Divestment by demerger or trade sale

PROCESS

- › Pursuant to s87b commitment provided to ACCC
- › Overarching objective is to maximise shareholder value
- › Divestment proposed to be undertaken within 18 months from completion

SEPARATION CONSIDERATIONS

- › The separation process will be structured to minimise costs and operational disruption
- › East Coast Rail to operate as a separate and independent stand-alone business on day one with ring-fencing of sensitive information, minimising overall impact of separation
- › Experienced management team, with John McArthur (current One Rail Chief Commercial Officer with 30 years of rail industry experience) to be appointed Chief Executive Officer





Transaction Funding and Process

George Lippiatt
CFO & Group Executive Strategy

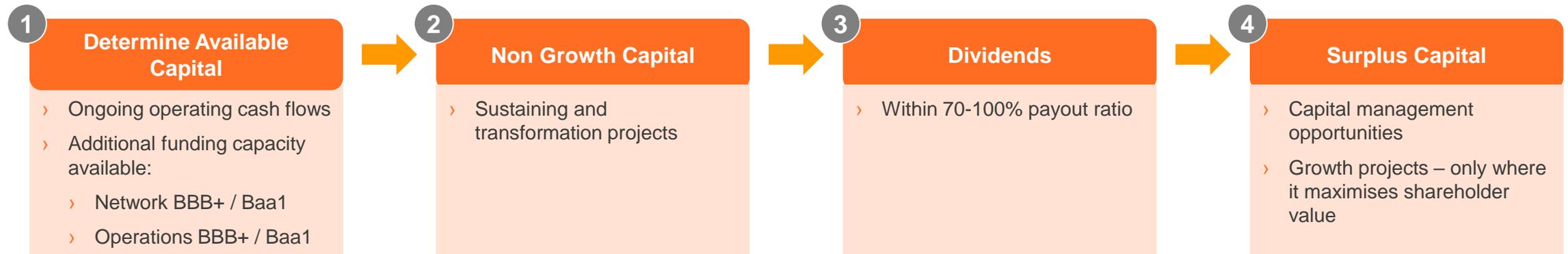
Shareholder returns

Projected to be EPS accretive with IRR exceeding share buyback¹

ACQUISITION IS CONSISTENT WITH CURRENT CAPITAL ALLOCATION HIERARCHY

- › In-line with Aurizon's disciplined approach to capital allocation – commitment remains to existing BBB+/Baa1 investment grade rating post transaction
- › Growth opportunity consistent with Bulk strategy that seeks to maximise shareholder value – expected rate of return exceeds implied return from buy-back¹
- › EPS accretion (demerger option²) – projected to be ~10% accretive compared to status quo, ~5% accretive compared to buyback
- › Dividend payout ratio – remains 70-100% with future payouts towards lower end of the range for 1-2 years in demerger scenario

CAPITAL ALLOCATION HIERARCHY



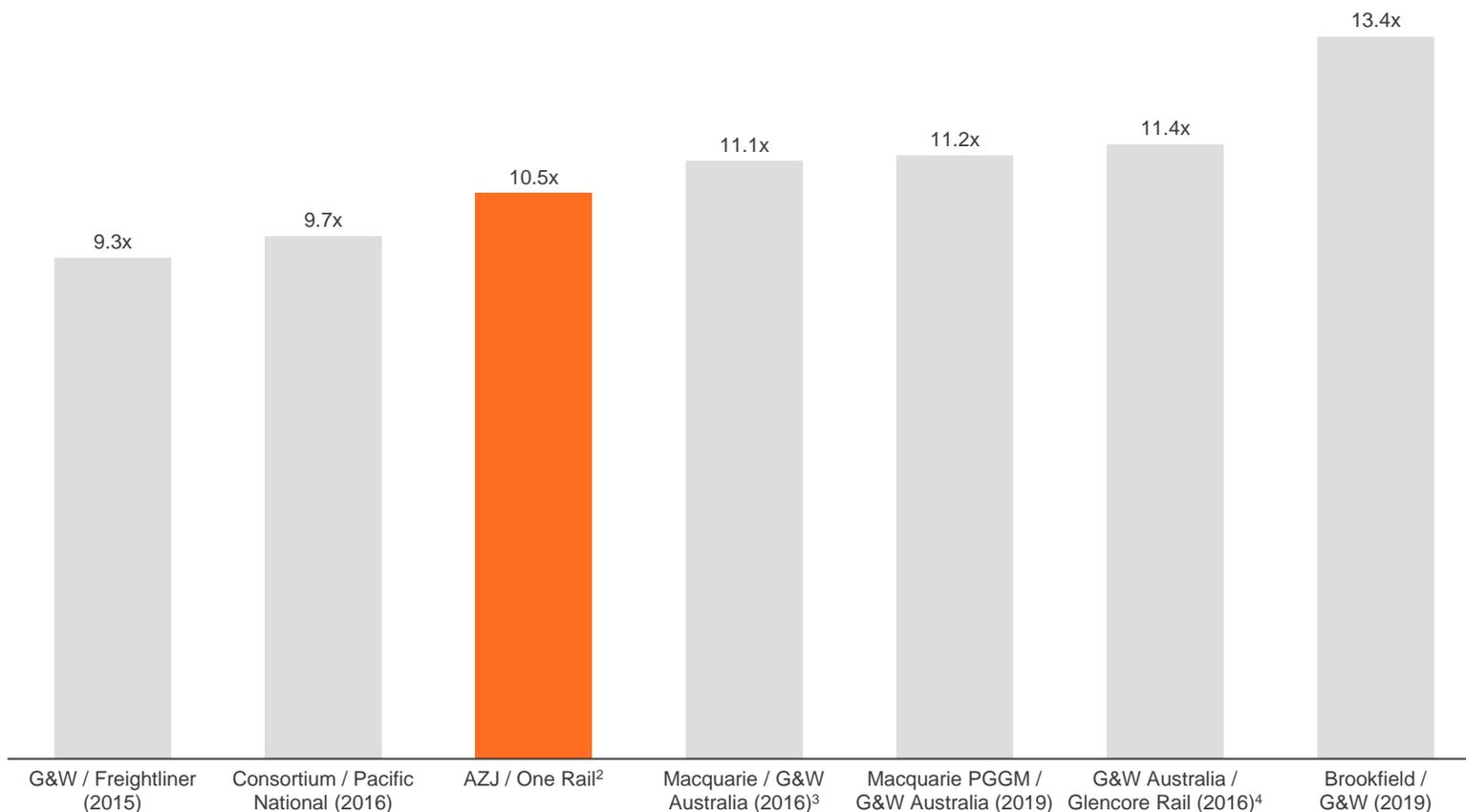
¹ Unlevered pre-tax return calculated using 20 years of forecast data from first year of acquisition and assuming demerger option (trade sale option IRR would depend on sale/use proceeds). Share buyback refers to the completed FY2021 buy-back

² EPS accretion under a trade sale option would depend on the amount and use of sale proceeds. EPS accretion (demerger option) is the average over the first four years and refers to the current Aurizon shareholders and therefore includes potential East Coast Rail distributions

Valuation considerations

Implied EBITDA multiple is inline with recent transactions

RELEVANT TRANSACTION MULTIPLES¹



VALUATION COMPONENTS

One Rail Bulk	East Coast Rail
Long-term growth expected	Stable cash flows
Integrated below and above rail	Above rail only
Diversified bulk commodities leveraged to strong forecasted demand	Predominantly thermal coal
>10x EBITDA	<10x EBITDA

1. Multiples calculated using Last Twelve Months or last reported EBITDA sourced from company filings & announcements
 2. AZJ / One Rail 2021 multiple based on acquisition consideration of A\$2,350m and estimated EBITDA for the 12 months to June 2021
 3. EBITDA based on disclosed pro-forma G&W Australia EBITDA inclusive of forecast Glencore Rail EBITDA as disclosed
 4. EBITDA based on forecast GlencoreRail EBITDA as disclosed

Funding certainty

Fully underwritten committed debt facilities with ongoing commitment to BBB+/Baa1 ratings

DEBT FUNDING

- › \$1.93 billion increase in total bank debt for Aurizon Operations sourced from existing and new facilities
- › Bank debt to be termed out in capital markets over time consistent with current strategy
- › Potential for future hybrid issuance to diversify funding sources, expected to achieve 50% equity credit, further supporting credit ratings
- › \$500m in underwritten bank debt for East Coast Rail

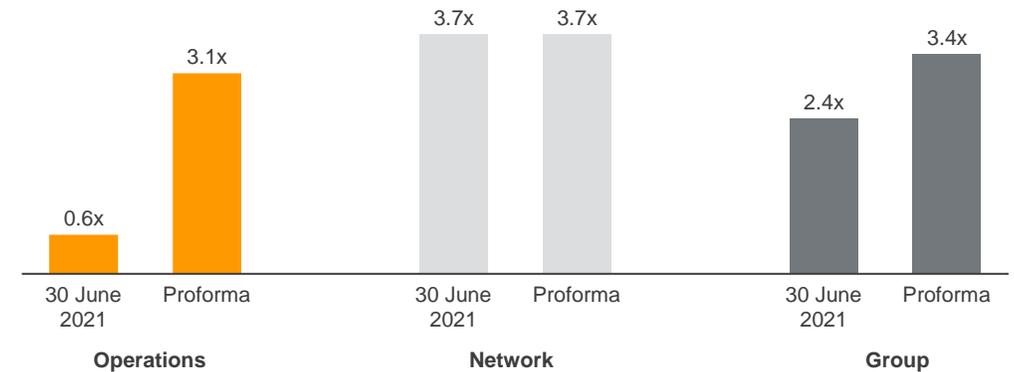
CREDIT RATINGS

- › Engagement with ratings agencies well advanced to determine impact from transaction including increase in Bulk earnings
- › Aurizon Operations¹ is committed to maintaining its current BBB+ / Baa1 credit ratings

Aurizon: Net Debt²
AUD, billions



Aurizon: Net Debt to EBITDA
multiple



1. One Rail Bulk to be owned by Aurizon Operations

2. Pro forma based on divestment via demerger (trade sale option would depend on sale/use proceeds)

Illustrative sources & uses

Acquisition fully funded from existing resources and new committed debt facilities

Sources	A\$m	Uses	A\$m
East Coast Rail debt	500	One Rail acquisition price	2,350
Aurizon Operations debt	1,930	Acquisition & divestment related fees	80
Total sources	2,430	Total uses	2,430

Divestment process for East Coast Rail

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

Demerger

- › Requires shareholder and regulatory approval (~6-9 months)
- › Aurizon dividends likely toward the lower end of 70-100% payout ratio¹
- › Shareholders expected to benefit from additional East Coast Rail distributions

Trade sale

- › Aurizon Operations debt to be reduced by the implied value of East Coast Rail equity
- › Aurizon dividends likely toward the higher end of 70-100% payout ratio¹
- › Subject to regulatory approval of purchaser

Regardless of option undertaken:

Aurizon Operations

- › Committed to maintaining current BBB+ / Baa1 credit rating

East Coast Rail funding considerations

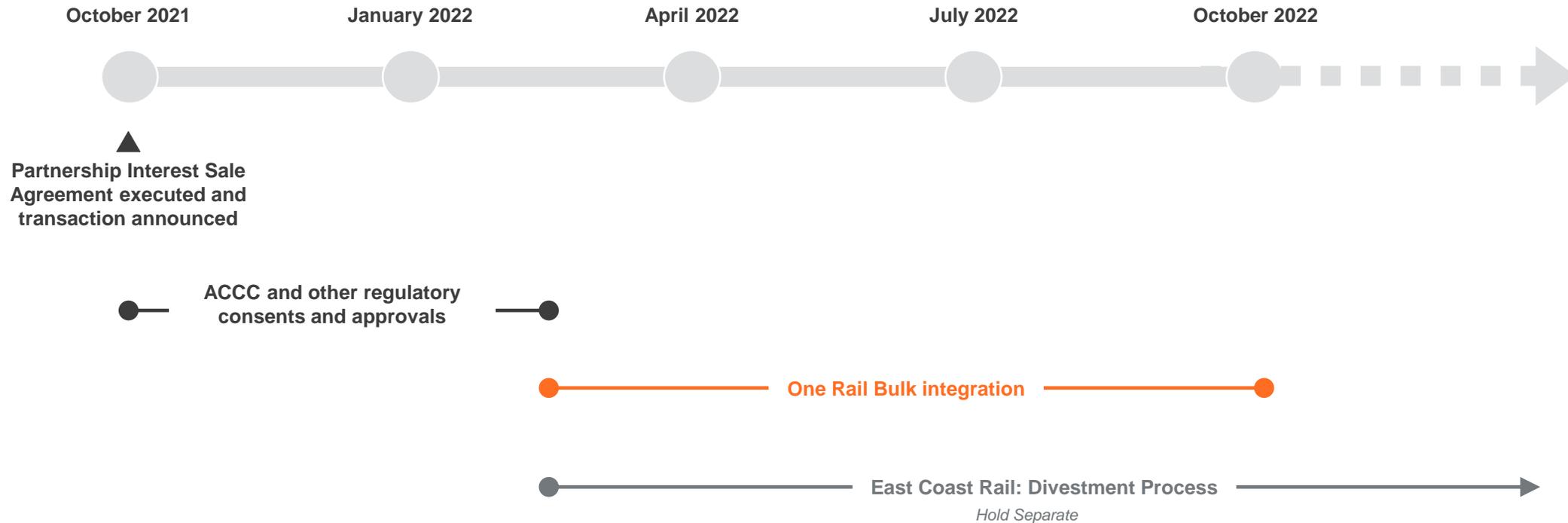
- › Fully underwritten \$500 million senior secured facilities with tenors up to 5 years
- › Potential to term out debt in capital markets
- › Investment grade credit rating targeted

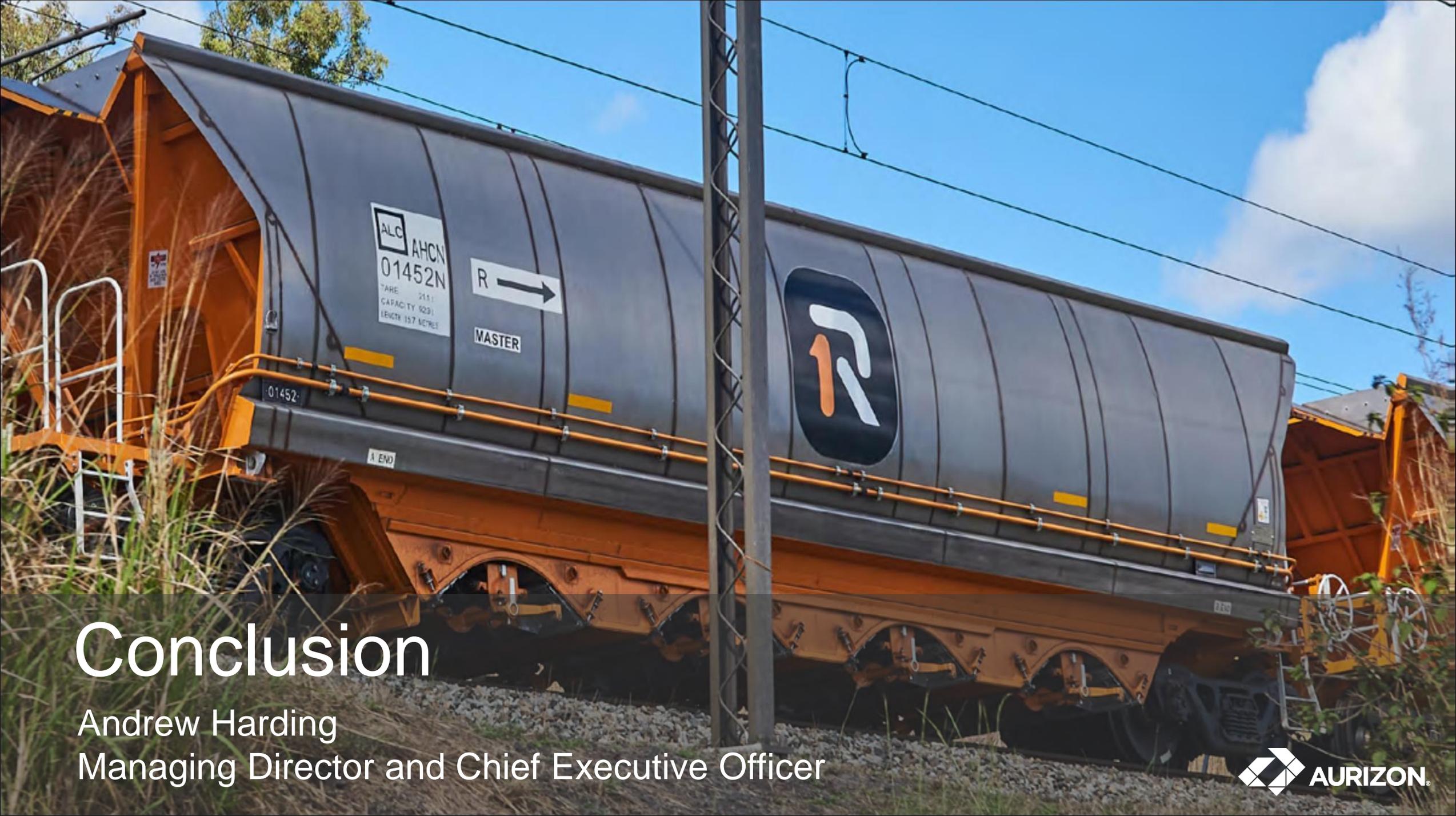
1. Across a one to two year period. Payout ratio is based on underlying Net Profit After Tax (NPAT) and no material disruptions across the Aurizon group

Transaction timetable and next steps

Completion targeted for early CY2022 followed by East Coast Rail divestment process

INDICATIVE TIMELINE





Conclusion

Andrew Harding
Managing Director and Chief Executive Officer

Highlights

Acquisition of One Rail with integration of One Rail Bulk and divestment of East Coast Rail through a demerger or trade sale

Transformative acquisition consistent with strategy of growing Bulk

Integrated above and below rail business with increased exposure to commodities associated with new economy markets

Increases Bulk's share of haulage revenue¹ to ~40% and expansion into South Australia and Northern Territory

IRR exceeds implied returns from share buyback²

Utilising strong balance sheet to support growth

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

Aurizon dividend policy remains at 70-100% of underlying Net Profit After Tax

Dividends likely toward the lower end of the range for 1-2 years with the final outcome dependant on the divestment option undertaken for East Coast Rail

Committed to maintaining current BBB+ / Baa1 credit rating

1. Haulage revenue includes Above Rail Coal (excluding track access), Above Rail Bulk (excluding track access) and One Rail Bulk (which includes South Australia/Northern Territory Infrastructure). Network (Central Queensland Coal Network) excluded
 2. 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



Q&A

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