



**AURIZON®**

We deliver.



# We are Australia's largest rail freight operator.



We transport more than 250 million tonnes of Australian commodities each year.



We are a top 100 ASX-listed company with a market capitalisation of more than \$8 billion



We are an integrated above and below rail supply chain operator and developer.



We employ more than 4,500 people at more than 160 operational sites across Australia.

# Australia's largest integrated freight rail network.

## RAIL HAULAGE

Multiple commodities, customers and integrated supply chains.



### COAL

- Services 40+ mines.
- Moves 200 million tonnes annually.
- Exports to markets including Japan, China, South Korea, India and Taiwan.

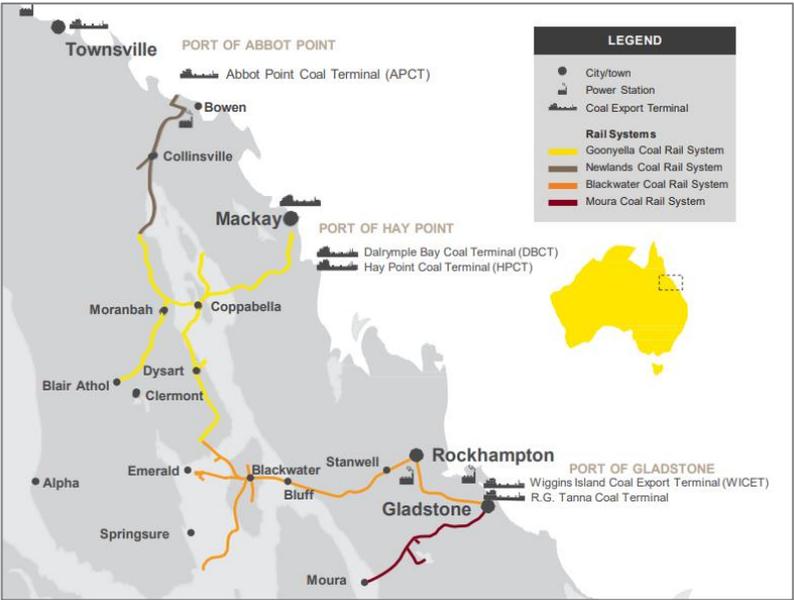


### BULK

- Australia's leading bulk freight specialist.
- Transports Iron ore, minerals, other commodities and agricultural products.

## RAIL NETWORK

Asset Maintenance, Network Management and Infrastructure Development.

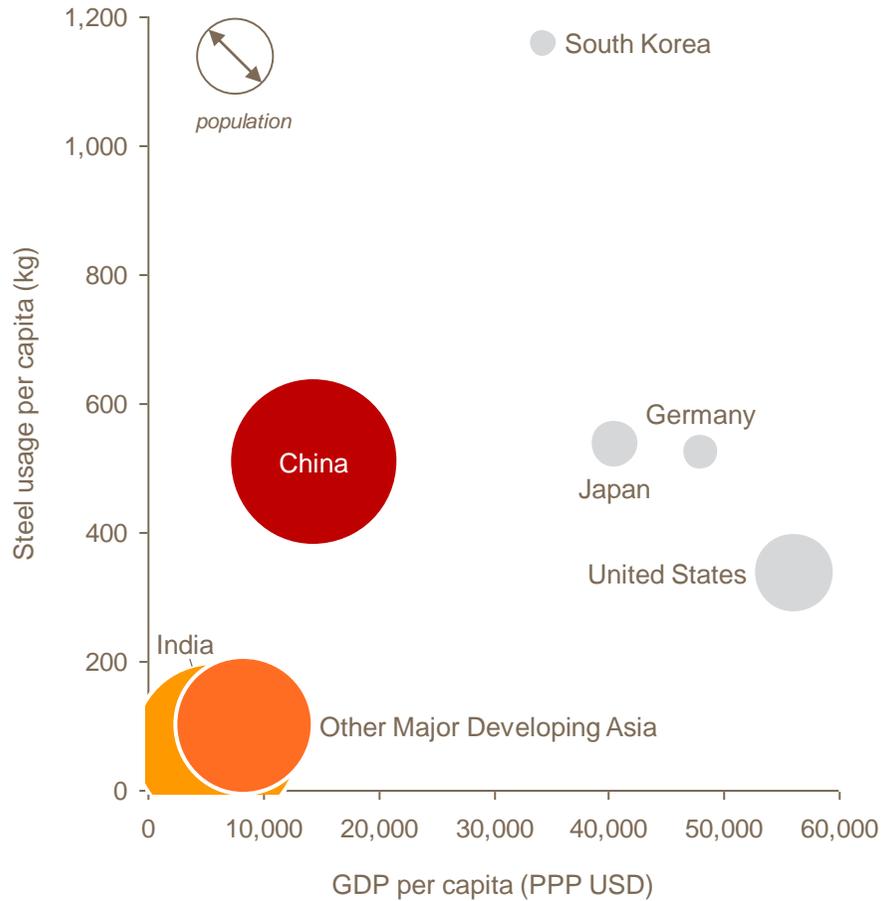


## Delivery on focus areas informs future strategy

<b>Structure</b>	<ul style="list-style-type: none"><li>• Business unit structure implemented 1 July 2017</li><li>• Management team refresh</li></ul>
<b>Transformation</b>	<ul style="list-style-type: none"><li>• Delivers value at all stages of the cycle, transition to continuous improvement</li><li>• Technology and innovation will be key drivers</li><li>• Improving employee capability to deliver future value</li></ul>
<b>Capital Management</b>	<ul style="list-style-type: none"><li>• Target gearing ~40%</li><li>• Dividends maintained at 100% underlying NPAT</li><li>• \$300m buy-back completed</li></ul>
<b>UT5 Access Undertaking Draft Decision</b>	<ul style="list-style-type: none"><li>• Draft Decision creates an environment in which operating practices are being modified to align to Draft Decision requirements, reducing operational flexibility</li><li>• Draft Decision return necessitates revision of risk tolerance</li></ul>
<b>Strategy</b>	<ul style="list-style-type: none"><li>• Addressing current value drivers</li><li>• Enabling and determining future value drivers</li></ul>

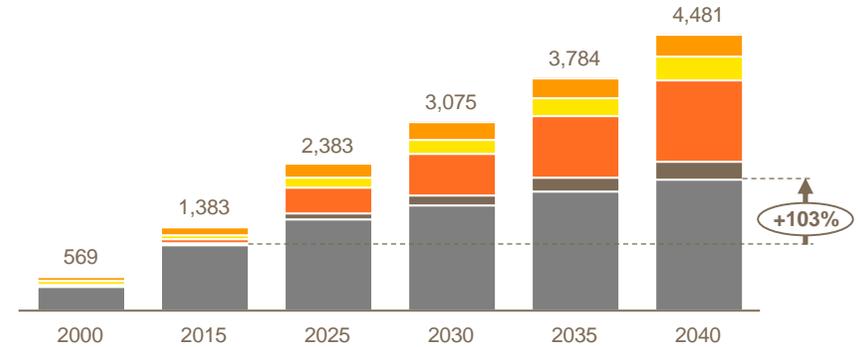
# Fundamentals of coal demand remain

## Steel Intensity: Selected Nations

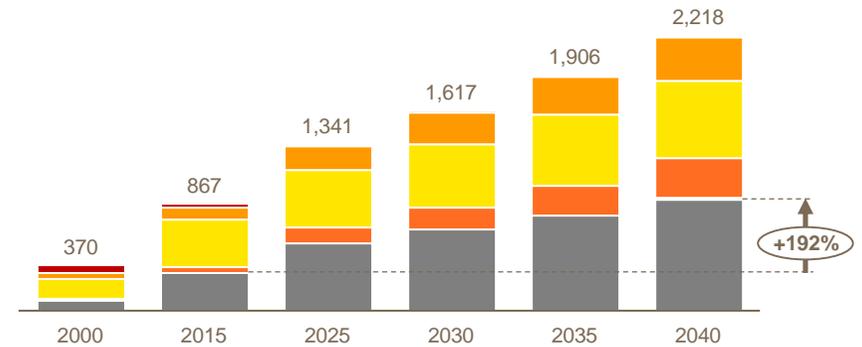


## Electricity Generation (TWh)

### India



### Southeast Asia

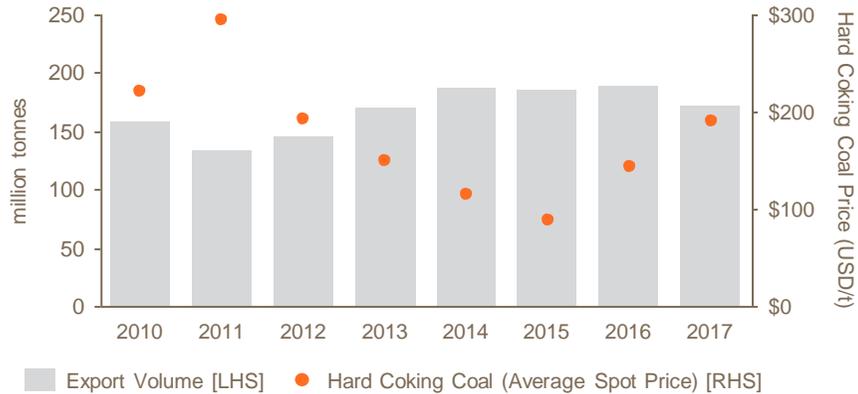


Oil Hydro Gas Non-Hydro Renewables Nuclear Coal

Source: International Energy Agency (World Energy Outlook 2017), World Bank (GDP per capita PPP, 2015 data), World Bank (population, 2015 data) and World Steel (apparent steel usage per capita, 2015 data). Other Major Developing Asia includes Indonesia, Thailand, Philippines, Vietnam, Malaysia, Pakistan and Bangladesh.

# Fundamentals of Australia supply

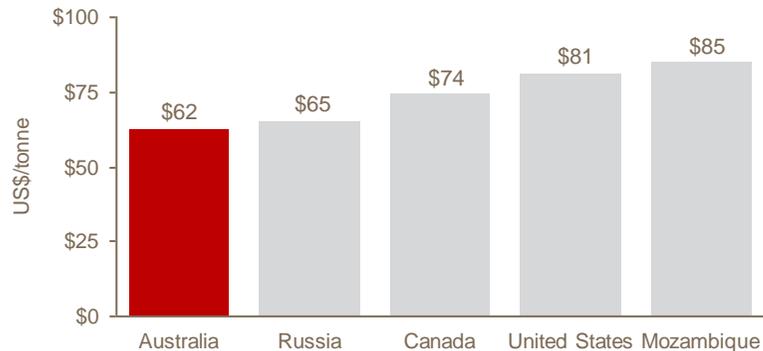
Australia: Metallurgical Coal Export Volume



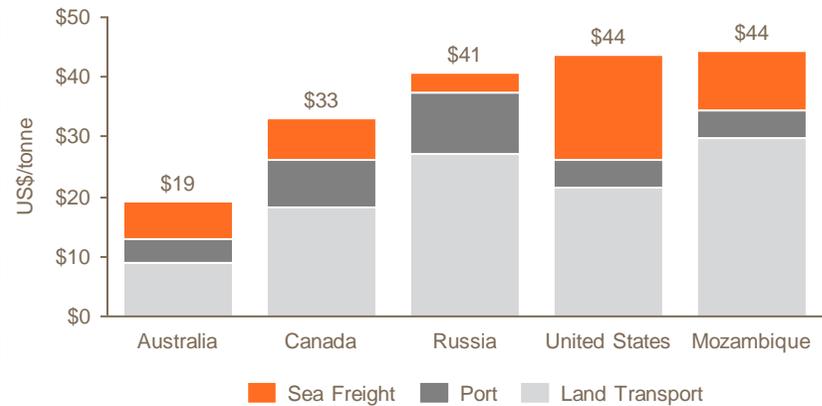
Australia: Thermal Coal Export Volume



Metallurgical Coal: C1 Cash Costs, USD/t (2018)



Transport Costs: USD/t (2018)



Note: C1 Cash Costs exclude royalty & levies. Sea freight is for Japan delivery. Sea freight from Canada is based on West Coast terminals. Sea freight from United States is based on Hampton Roads. Source: Wood Mackenzie, Platts, Intercontinental Exchange, Australian Bureau of Statistics.

# Aurizon is continuing to invest to support future coal supply

## Recent Aurizon Investment in Australia Coal Supply

### Hexham Train Support Facility

The Hexham Train Support Facility services Aurizon's growing Hunter Valley coal freight business and alleviates capacity pressures in the coal supply chain.

### Wiggins Island Rail Project

This project involved the staged development of new (and upgraded) rail infrastructure to service the Wiggins Island Coal Export Terminal (WICET) at the Port of Gladstone.

### Bauhinia (Rolleston) Electrification

The Bauhinia rail line is a 107 kilometre rail spur from Rangal south to the Rolleston Mine on the Blackwater System in Central Queensland. This allows electric locomotives to operate on this part of the rail network.

### Hay Point (Goonyella) Rail Expansion Project

The Hay Point Rail Expansion Project services 30 coal mines in the northern Bowen Basin as the final leg of the Goonyella Rail System. Coal is railed to the Port of Hay Point where it is exported through the Hay Point Coal Terminal and the Dalrymple Bay Coal Terminal.

### Goonyella to Abbot Point Expansion Project

The Project included the 69-kilometre greenfield Northern Missing Link, which connects the Goonyella coal rail system to the Newlands rail system. In addition, the project included the expansion and upgrade of track along the Newlands rail system.

## Australia: Coal Mining Capital Expenditure

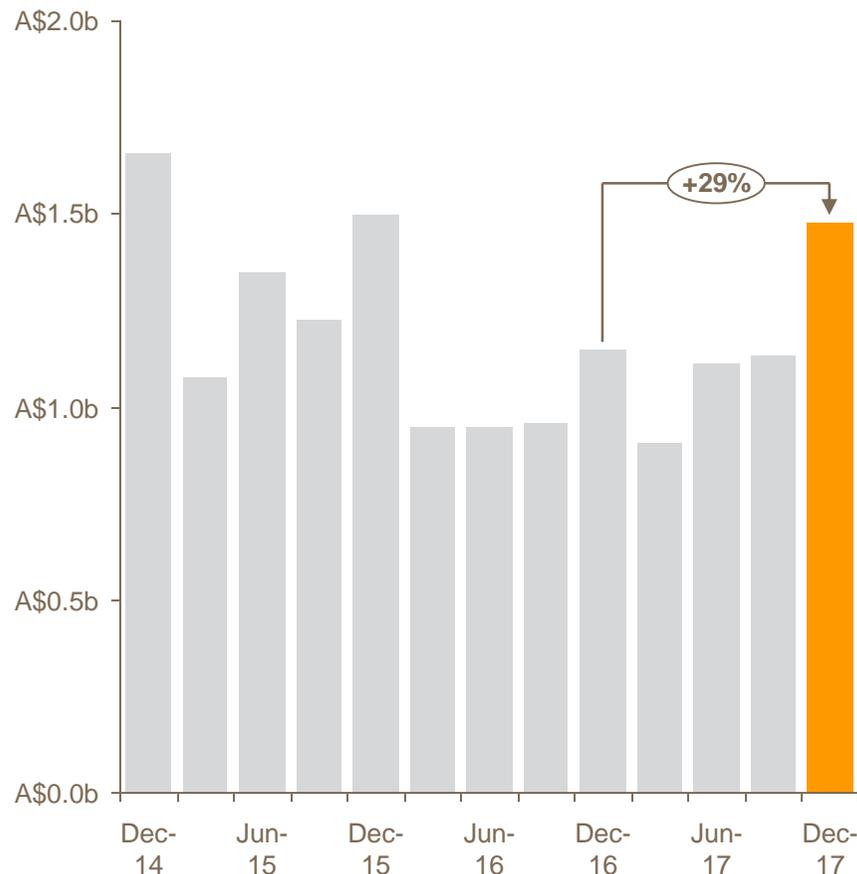


Chart source: Australian Bureau of Statistics



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