Aurizon Network European Roadshow

May 2016

Pam Bains – Aurizon Network, Chief Financial Officer
David Collins – Aurizon Group, Treasurer

Important notice

No Reliance on this document

This document was prepared by Aurizon Network Pty Limited (ACN 132 181 116) (referred to as “Aurizon” which includes its related bodies corporate). Whilst Aurizon has endeavoured to ensure the accuracy of the information contained in this document at the date of publication, it may contain information that has not been independently verified. Aurizon makes no representation or warranty as to the accuracy, completeness or reliability of any of the information contained in this document.

Document is a summary only

This document contains information in a summary form only and does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, all of the information which Aurizon files with the Australian Securities Exchange. Any information or opinions expressed in this document are subject to change without notice. Aurizon is not under any obligation to update or keep current the information contained within this document. Information contained in this document may have changed since its date of publication.

No investment advice

This document is not intended to be, and should not be considered to be, investment advice by Aurizon nor a recommendation to invest in Aurizon. The information provided in this document has been prepared for general informational purposes only without taking into account the recipient’s investment objectives, financial circumstances, taxation position or particular needs. Each recipient to whom this document is made available must make its own independent assessment of Aurizon after making such investigations and taking such advice as it deems necessary. If the recipient is in any doubts about any of the information contained in this document, the recipient should obtain independent professional advice.

No offer of securities

Nothing in this presentation should be construed as a recommendation of or an offer to sell or a solicitation of an offer to buy or sell securities in Aurizon in any jurisdiction (including in the United States). This document is not a prospectus and it has not been reviewed or authorised by any regulatory authority in any jurisdiction. This document does not constitute an advertisement, invitation or document which contains an invitation to the public in any jurisdiction to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities in Aurizon.

Forward-looking statements

This document may include forward-looking statements which are not historical facts. Forward-looking statements are based on the 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 is not under any obligation to update these forward-looking statements to reflect events or circumstances that arise after publication. Past performance is not an indication of future performance.

No liability

To the maximum extent permitted by law in each relevant jurisdiction, Aurizon and its directors, officers, employees, agents, contractors, advisers and any other person associated with the preparation of this document, each expressly disclaims any liability, including without limitation any liability arising from fault or negligence, for any errors or misstatements in, or omissions from, this document or any direct, indirect or consequential loss howsoever arising from the use or reliance upon the whole or any part of this document or otherwise arising in connection with it.

Agenda

AURIZON

I. Introduction to Aurizon Network

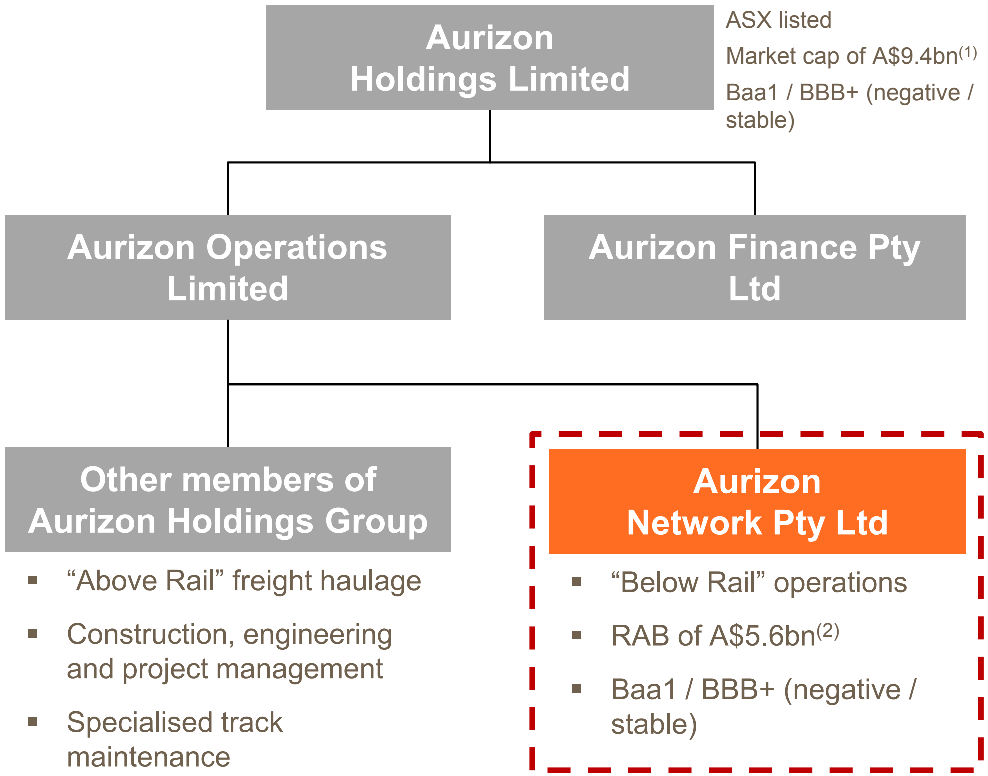
Aurizon Network has retained a strong credit profile since our EUR notes issue in 2014

- **Increased regulatory certainty** following the QCA Final Decision on UT4
- **Stable revenue growth** and continued **high contribution** of **regulated revenue** (>90% of total access revenue)
- **Positive ratings momentum** with Moody's recently reaffirming Baa1 (negative) credit rating following a detailed review at a time when many companies have been downgraded
- **5 consecutive years of record volumes** across the CQCN, with a ~38% increase since 2011
- Strong focus on business transformation and **continued delivery of operating efficiency improvements** that underpin increase in volume throughput
- **EBITDA growth** year on year and **stable network cash flows and leverage**

AURIZON

Overview of Aurizon Network

- Aurizon Network controls, manages, operates and maintains the Below Rail fixed rail infrastructure assets of the Central Queensland Coal Network (CQCN)
  - Regulated Asset Base (RAB) of A$5.6 billion[(2)]
  - Moody's and Standard & Poor's credit rating: Baa1 / BBB+ (negative / stable)
- The CQCN is Australia's largest export coal rail network providing the only rail link between Queensland's coal mines and the relevant export ports
- As a natural monopoly infrastructure asset, the CQCN is regulated by the Queensland Competition Authority (QCA)
- Aurizon Network benefits from stable and predictable regulated revenue with downside protection limiting counterparty and volume risk
- Aurizon Holdings is the ultimate parent of Aurizon Network
  - Australia's largest rail freight company (by tonnes hauled)
  - Listed on ASX and included in the S&P / ASX 50 index
  - Rated Baa1 / BBB+ (negative / stable)



(1) As at 11 May 2016.
(2) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

Company history

1865

First railway line in Queensland, from Ipswich to Bigges Camp (now Grandchester), opened

2010

Restructure
Separation of Queensland Rail from QR Limited (State of QLD interest of 100%)

IPO
QR National listed on ASX (State of QLD interest of 34%)

2011

Completion of A$1.1bn Goonyella to Abbot Point Expansion (GAPE) project

2012

Name change
"QR National" renamed "Aurizon"

State of QLD commences reduction of ownership

2013

New Capital Structure and Reorganisation
New long term capital structure implemented, with standalone debt facilities put in place for both Aurizon Holdings and Aurizon Network

A$ Medium Term Note issue (MTN) in October 2013

State of Queensland reduces its ownership below 5%

2014

Debut Euro MTN issue in September 2014

Announces on-market buyback of up to 5% of issued share capital

Initial UT4 Draft Decision announced (total UT4 MAR $3.884bn)

2015

Tim Poole appointed to Aurizon Board as Chairman

Completion of $800m Wiggins Island Rail Project (WIRP)

UT4 Consolidated Draft Decision announced (total UT4 MAR $3.927bn)

2016

UT4 Final Decision announced (total UT4 MAR $3.925bn)

QR National → Aurizon Holdings: **Baa1 / BBB+ (negative / stable)**, **Market cap: A$9.4bn(1)**

QR National → Aurizon Network: **Baa1 / BBB+ (negative / stable)**, **RAB: A$5.6bn(2)**

(1) As at 11 May 2016.
(2) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn.

Central Queensland Coal Network overview

› The Central Queensland Coal Network (CQCN) comprises 4 major coal systems and 1 connecting system link serving Queensland's Bowen Basin coal region: Newlands, Goonyella, Blackwater and Moura with GAPE the connecting system link

  – 2,670 kilometres network length of which 1,945 kilometres is electrified

  – Over 40 operating coal mines serviced

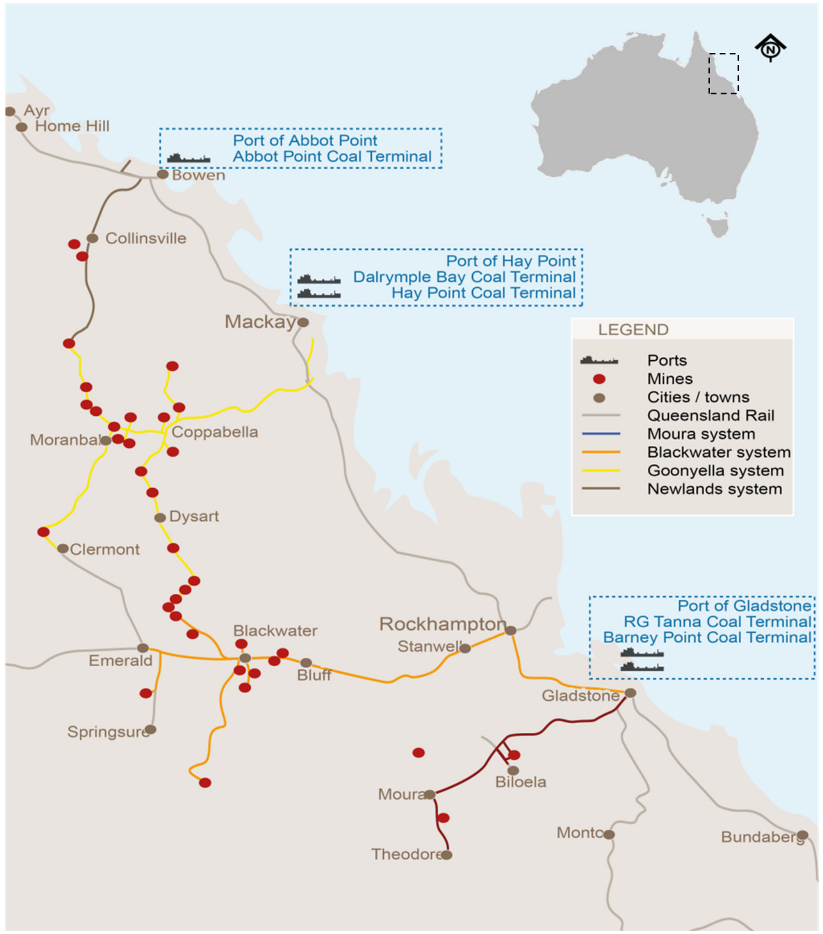
› Aurizon Network's operations are governed by 99 year lease arrangements with the State of Queensland

› Approximately 71 services per day delivering over 600kt to six export coal terminals at three ports

› Open access network with 3 Above Rail coal operators – Aurizon Operations, Pacific National and BMA Rail

› It is estimated the value of the Regulated Asset Base (RAB) will be A$5.6bn as at 30 June 2016[(1)]

Central Queensland Coal Network



(1) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn.

Standalone capital structure

- Aurizon Network operates as a separate standalone entity to Aurizon Operations and Aurizon Holdings
  - Separate Board and Management team
  - Separate statutory financial reporting
- Standalone debt facilities are in place at the Aurizon Network level, supported by the Below Rail regulated infrastructure assets
- Aurizon Network's target gearing level is broadly consistent with the regulatory assumed gearing level of 55% Debt to RAB
- Committed growth programs winding down (funded by current debt facilities)
- Longer term non-growth capex remains ~A$250m - A$300m per year
- Aurizon Network's Board remains committed to maintaining investment grade credit ratings
- Proceeds from any capital markets transaction would be used to pay down debt maturing in July 2018

Overview of Aurizon Network debt facilities

Senior syndicated debt facilities	
Facility	**Maturity**
A$1.3bn syndicated facility	Jul-18
A$490m syndicated facility	Jul-21
A$100m working capital facility	Jun-17

A$ Medium Term Note programme	
Tranche	**Maturity**
A$525m, 5.75% p.a. MTN	Oct-20

EUR Medium Term Note programme	
Tranche	**Maturity**
EUR 500m, 2.00% p.a. MTN	Sep-24

AURIZON

II. Credit highlights

Summary of key credit highlights

1. Highly regulated revenues within a stable and well established regulatory regime
2. Long term lease arrangements supported by the central QLD coal mining sector
3. Infrastructure network servicing well-established haulage customers and high quality mines predominantly operated by investment grade coal miners
4. Revenue protection mechanisms limit exposure to patronage and volume risk
5. Strong financial position and ratings stability
6. Experienced board and management team

AURIZON

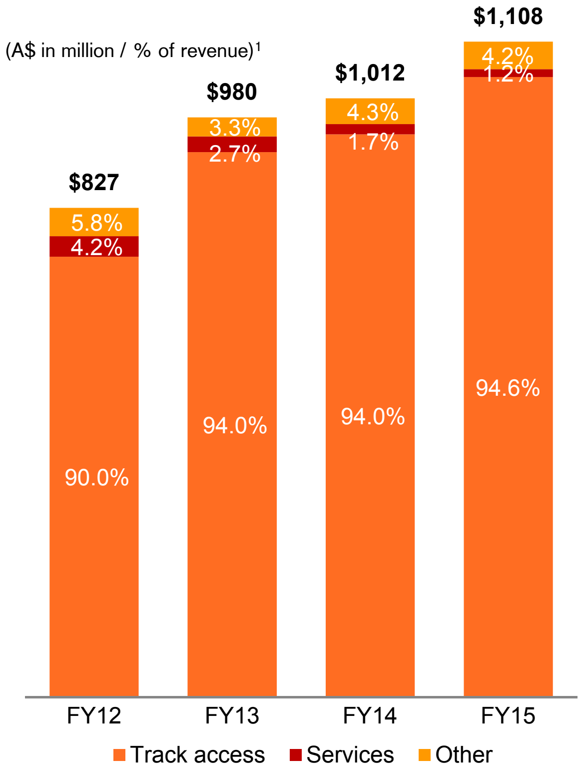
1 Highly regulated revenues within a stable and well established regulatory regime

1 Well established regulatory regime

- The provision of transportation services by rail on the CQCN is regulated by the QCA
- The CQCN is a vital part of the Central Queensland coal supply chain
- The form of regulation is a conventional revenue cap
- Loss socialisation across other users of the CQCN protects Aurizon Network from counterparty risk of network users

2 Stable regulated revenue base

- Over 90% of Aurizon Network revenue is from regulated track access payments
- Access revenue growth and contribution have remained stable over time



3 Well developed building block approach to revenue determination

1 RAB is approved by the QCA on a Depreciated Optimal Replacement Cost basis

2 "Building block" approach adopted to determine the CQCN's maximum allowable revenue

3 Reference tariffs determined, taking into consideration forecast volumes and under and over recovery in prior periods

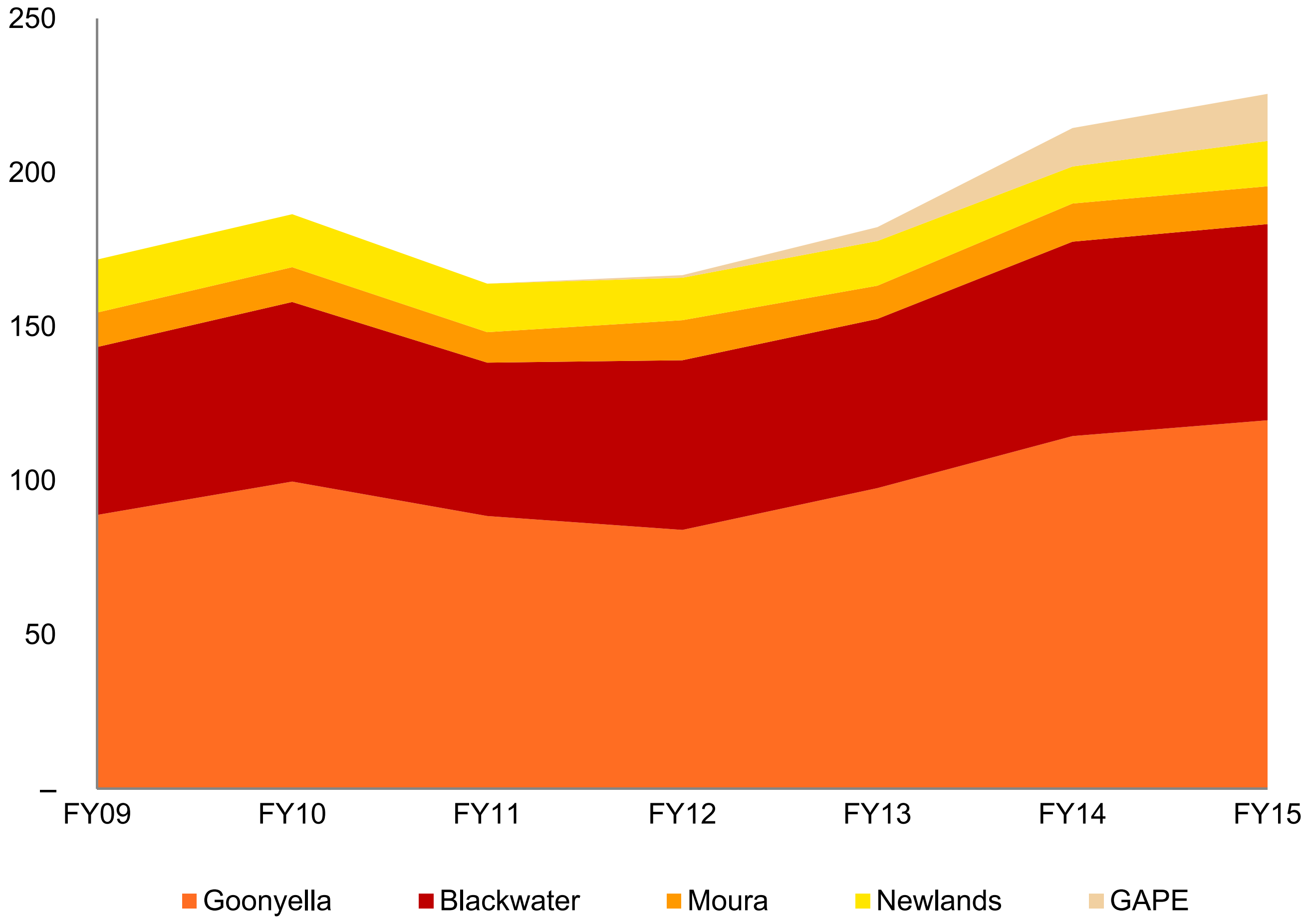
BUILDING BLOCKS

WACC (return on capital)
+
Depreciation net of inflation (return of capital)
+
Opex
+
Maintenance
+
Gamma adjusted tax
=
Aurizon Network's maximum allowable revenue

(1) ASX market announcement, Aurizon Network – Segment note restatement 13 January 2014.

2 Long term lease arrangements supported by the QLD coal mining sector

CQCN historical coal volumes (FY09 – FY15, mtpa)



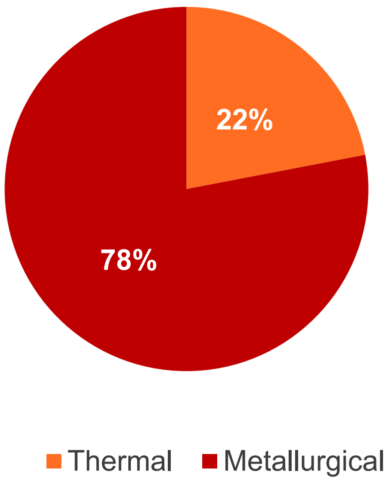
- 99 year lease arrangements[1] in place with the State of Queensland to control, manage, operate and maintain the CQCN
- CQCN is the optimal mode of transport between coal mines and export ports in Queensland and is the only viable rail option
- Over 40 operating coal mines in the Bowen Basin are linked to Aurizon Network

(1) Commenced in July 2010.

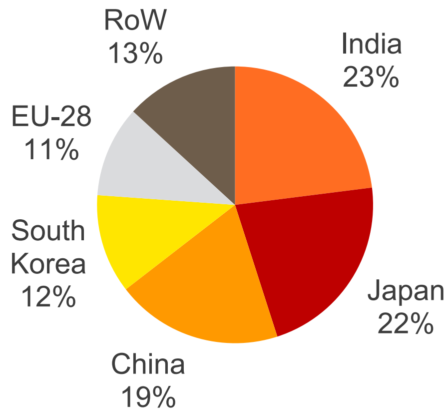
2 Long term lease arrangements supported by the QLD coal mining sector

Bowen Basin coal reserves[1]

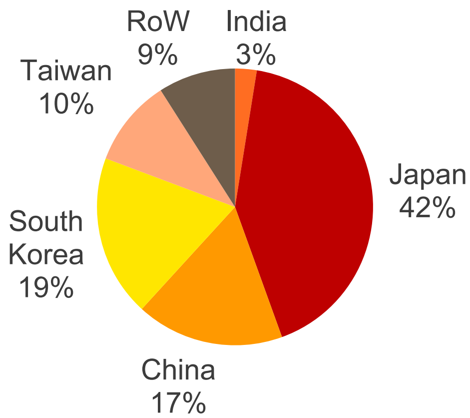
Metallurgical coal comprises more than three quarters of the Bowen Basin's total coal reserves



Australian metallurgical coal exports by destination (CY15)[2]



Australian thermal coal exports by destination (CY15)[2]



- The CQCN serves Queensland's Bowen Basin, which is predominantly metallurgical coal
- Bowen Basin has large reserves of premium hard coking coal and low volatile pulverised coal injection (LV PCI) coal
- Fundamentals for the metallurgical coal market remain strong with limited ability to substitute in the steel-making process
- Many end users in key markets have designed their operations specifically for Bowen Basin coal
- Large reserves support production life in excess of 15 years on average for existing operations, with resources supporting an additional ~30 years of production
- Strong diversity of export markets with stable base volume demand from a mature market in South East Asia with growth upside provided by China and India

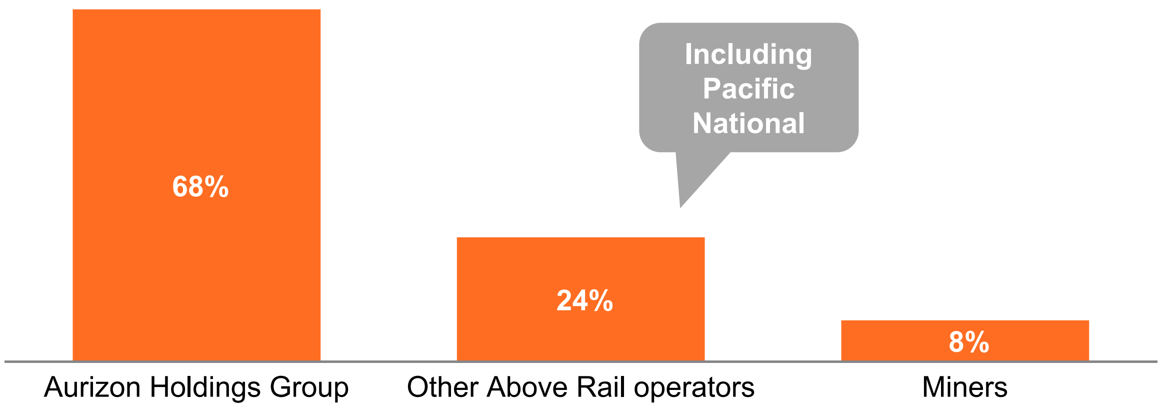
AURIZON

(1) Wood Mackenzie Australia Coal Supply Service - February 2016 (marketable reserves).
(2) Wood Mackenzie Coal Market Tools (2016), Australian Bureau of Statistics.

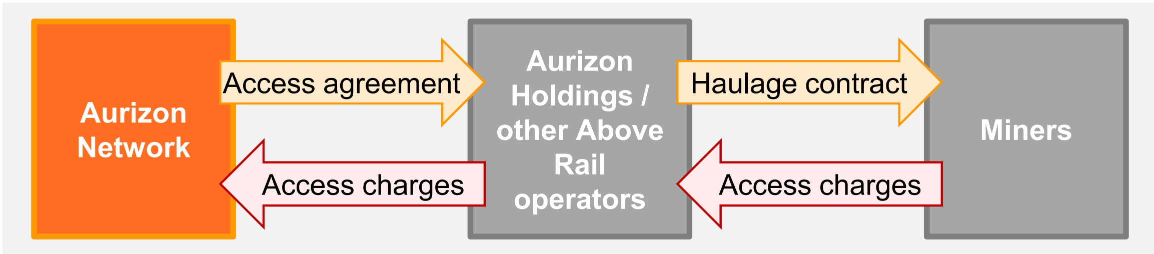
3 Infrastructure network servicing well-established haulage customers…

- Network's largest customers are Aurizon's above rail operations and Pacific National
  - 68% of regulated access revenue was derived from access agreements with Aurizon Holdings
- Both Aurizon Holdings (Baa1 / BBB+) and Pacific National (Baa2 / BBB)(1) are long established haulage operators
  - Long term customer relationships with key miners underpinning haulage agreements
  - Investment grade credit ratings
- Access charges are typically passed through Aurizon Holdings and other Above Rail operators to the miners

FY15 railed volume split by Aurizon Network customers



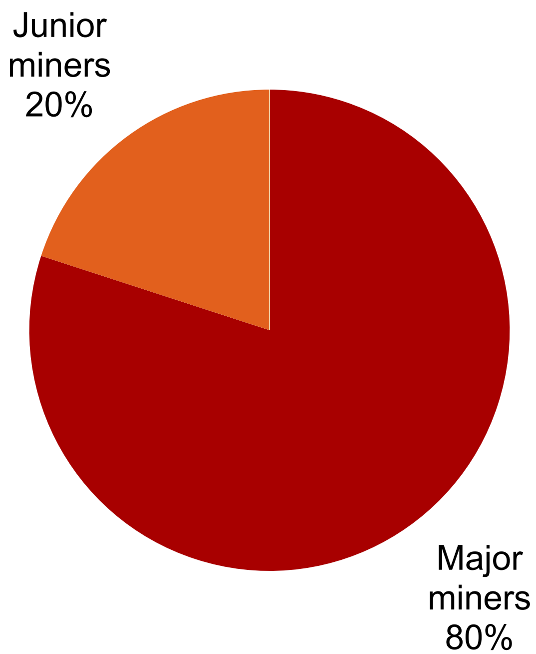
Access charges passed through to miners



(1) Ratings shown are those of Asciano Limited, Pacific National's 100% owner.

3 …and high quality mines predominantly operated by investment grade coal miners

Diversified coal mining customers that are predominantly large global companies

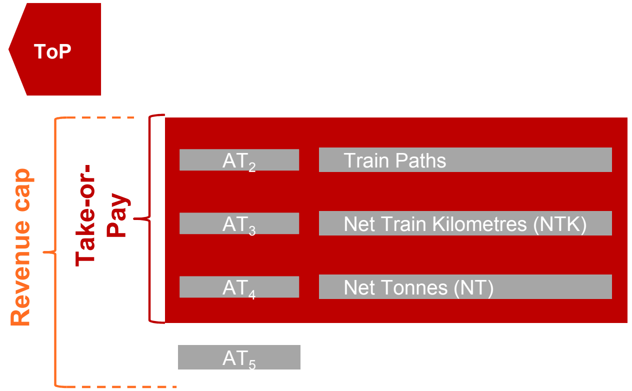


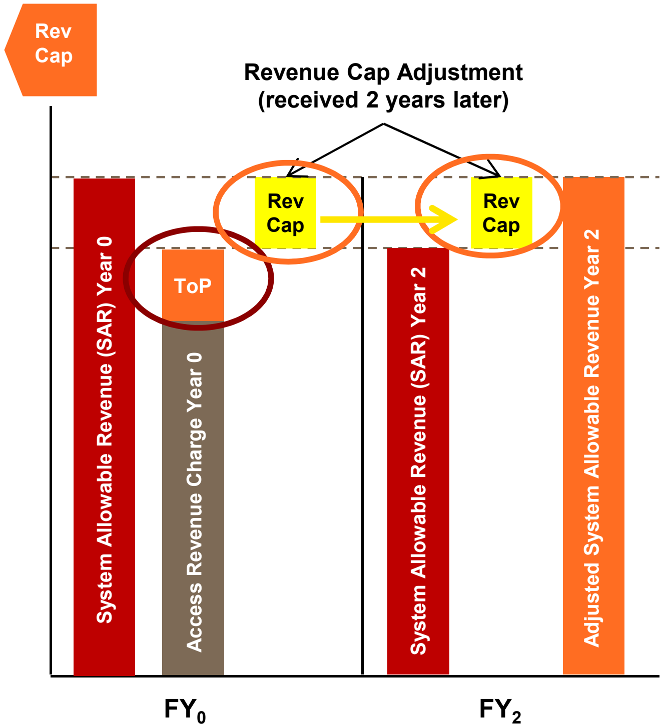
- Mines on the CQCN are operated by a diversified group of coal miners
- Customers are predominantly large investment grade companies including:
  - BHP Billiton Mitsubishi Alliance
  - Glencore
  - Rio Tinto
  - Wesfarmers
- Majority of mines produce premium hard coking coal and low-volatile PCI coal
- Premium products and achieved cost reductions place Queensland mines in the top two quartiles of the global seaborne metallurgical coal margin curve
- Large majority of mines are incentivised to keep producing as they are earning in excess of rail and port take-or-pay liabilities

Source: Wood Mackenzie Ltd, Dataset February 2016.

AURIZON

4 Revenue protection mechanisms limit exposure to patronage and volume risk





- Aurizon Network's regulated revenue is protected through a combination of provisions that are included in the QCA-approved access agreements
- These mechanisms come into effect when revenue shortfalls occur due to actual tonnage railed being less than regulatory approved tonnages forecasts

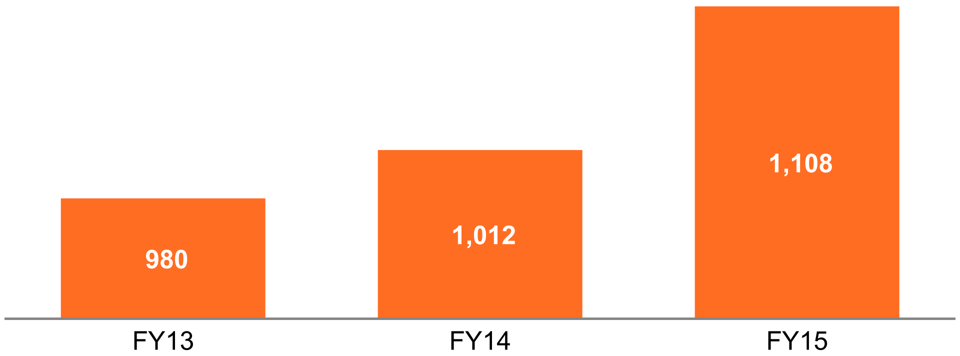
Take-or-Pay mechanisms	› Primary revenue protection mechanism available to Aurizon Network › Allows Aurizon Network to recover revenue shortfall directly from access holder
Revenue cap mechanism	› Comes into effect in the event take or pay mechanisms do not recover a revenue shortfall › Revenue cap mechanisms allow for remaining shortfall to be recovered two years later through a WACC adjusted tariff › In the event that revenue collected exceeds the MAR, the revenue cap mechanism will return the surplus revenue two years later through an adjusted tariff
Socialisation of counterparty risk	› Patronage risk occurs when certain mines are no longer in operation › Under the QCA regime, Aurizon Network will continue to earn its aggregate regulated revenue from the remaining mines that continue to use the system

AURIZON

5 Strong financial position and ratings stability

Consistent revenue growth

Revenue (A$m)

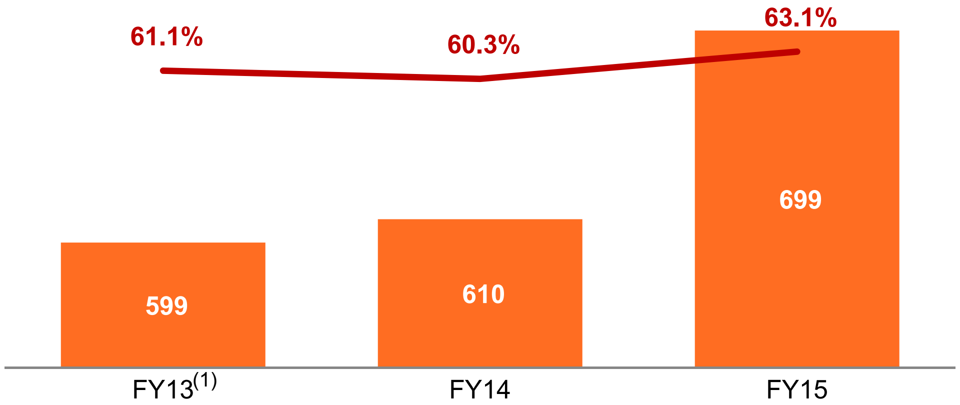


Stable credit ratings

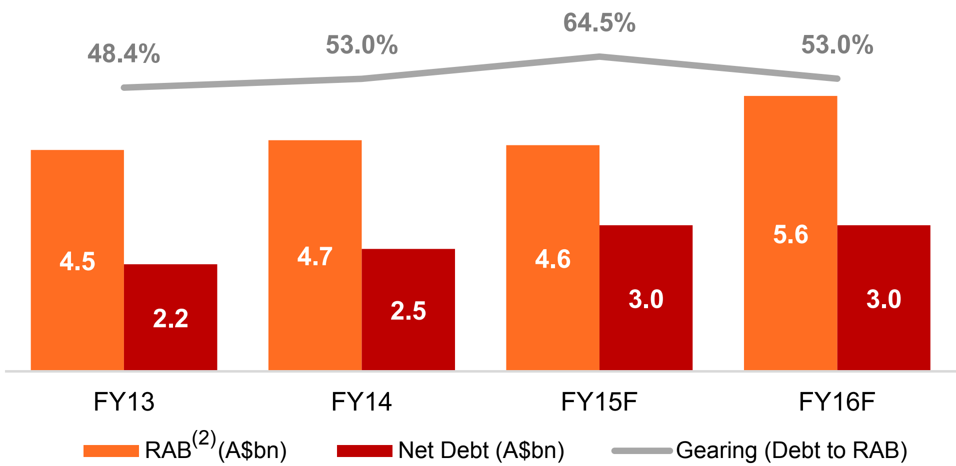
- No change to credit ratings both at Group and Aurizon Network level since ASX listing in November 2010
  - Baa1 / BBB+ (negative / stable) at both Group and Network levels
- Ratings underpinned by strong financial position and regulatory regime
- Both Group and Network were placed on review for downgrade by Moody's in January 2016. Both ratings were subsequently affirmed at Baa1 (negative outlook)
- Aurizon Network is committed to maintaining investment grade credit ratings going forward

Margin expansion

EBITDA (A$m) and margin (%)



Net debt position expected to remain flat in the medium term



AURIZON

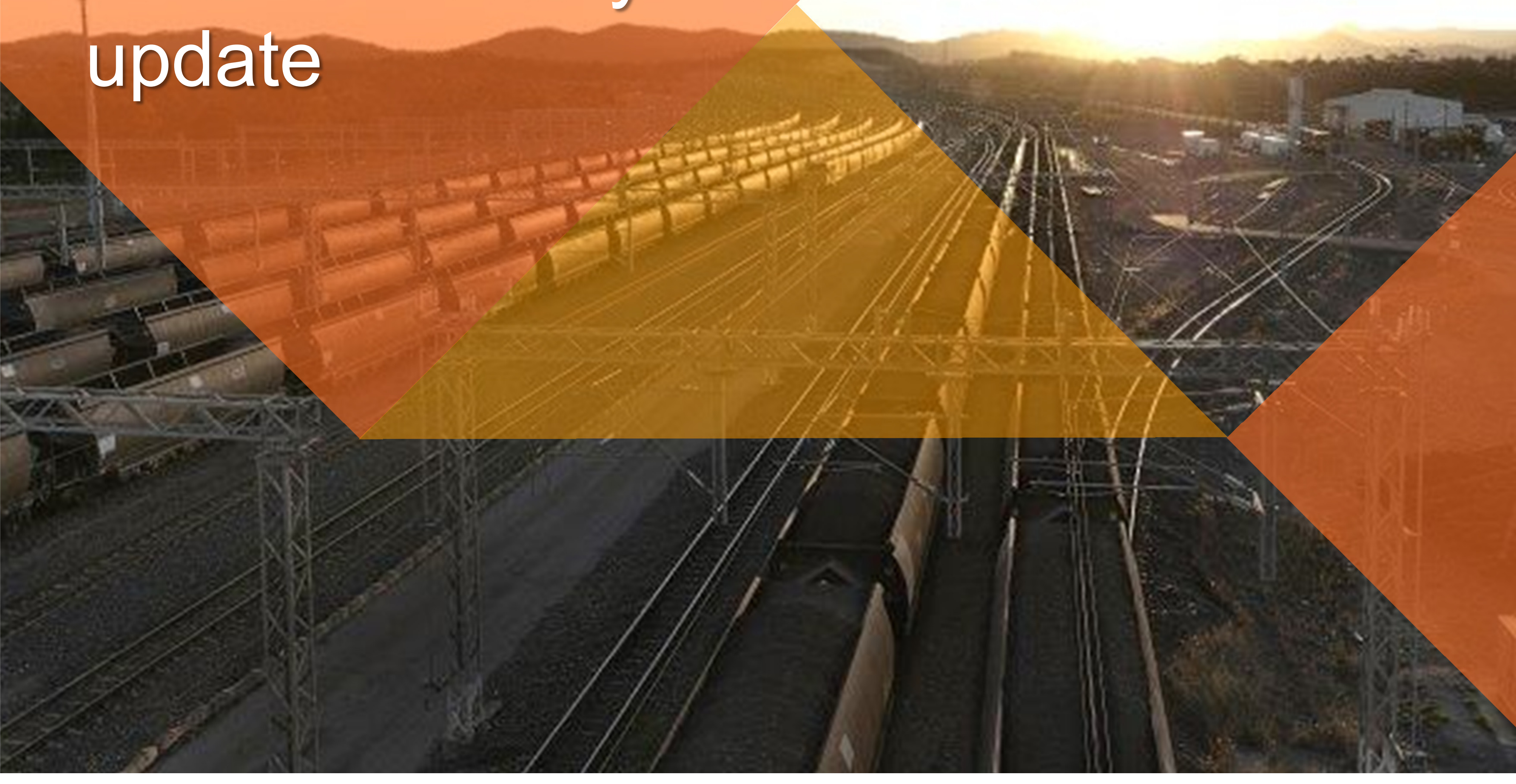
(1) Revised Segment Disclosure, ASX announcement, 2 December 2014.

(2) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn.

6 Experienced board and management team

- Experienced Board and management team with strong strategic, operational and financial management skills and an average of 20 years of industry experience
- Strong track record of efficiently managing open access multi-user network and successfully executing major coal network expansions
- Focused on continuing to deliver on operational improvements that underpin increase in volume throughput (e.g. 13% increase in average cycle velocity, 21% decline in system closure hours and 8% increase in average payloads over the last 5 years)
- Strong relationships with key external stakeholders: customers, regulators and lenders
- Ongoing commitment to investment grade credit ratings

III. Coal industry update



Strong drivers support Queensland coal volumes

1. Australia is the world's largest exporter of seaborne coal
2. Proximity to Asia gives Australia a competitive advantage
3. Queensland has the largest coal resource in Australia with a long production life
4. High quality assets held by the major diversified miners operating at low positions on the global cost curve
5. Many of the end users of Queensland coal have specifically set up operations to use Bowen Basin coal

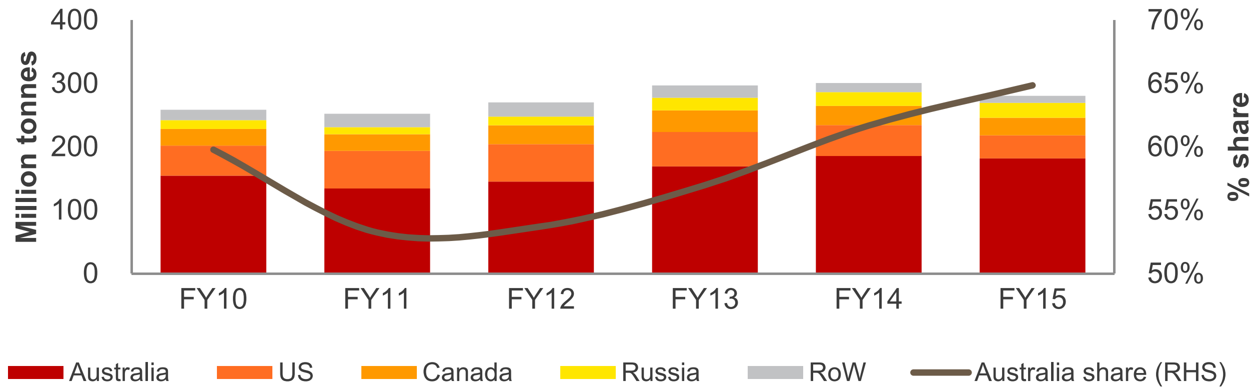
AURIZON

Australia is the world's largest exporter of seaborne coal

Australian coal exports growing across a diversified customer base

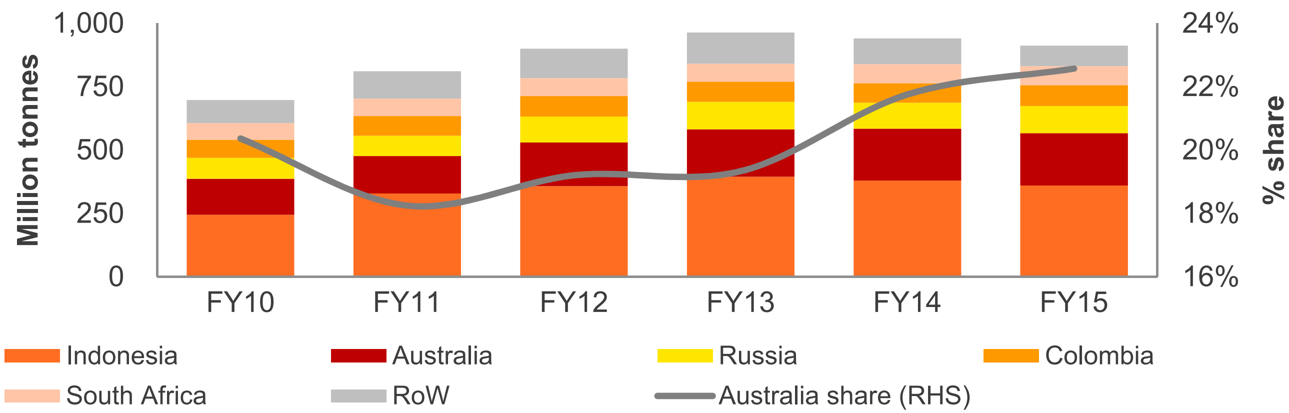
Metallurgical coal seaborne exports

Volume and market share, calendar years



Thermal coal seaborne exports

Volume and market share, calendar years



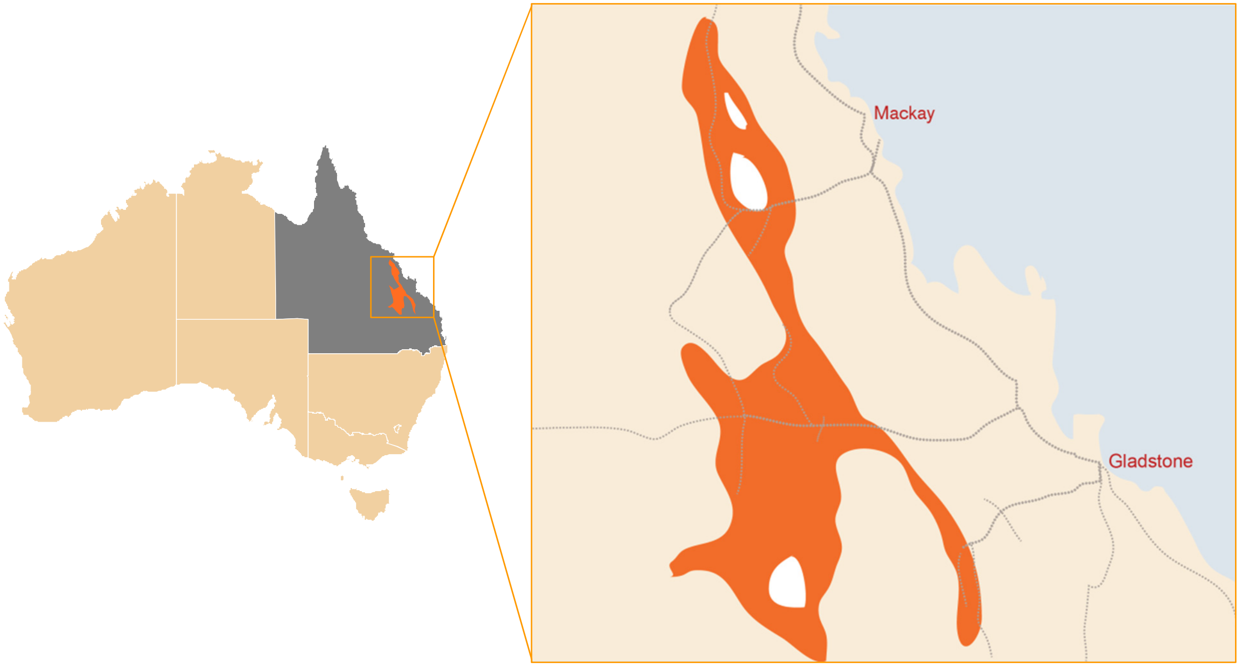
- Australian volume resilient to date with 2015 export volume broadly steady on the previous year despite weaker global demand
- Australian metallurgical coal supply performance was reinforced as seaborne market share is expected to have increased to 65%, up 3ppt
- Similarly, seaborne thermal coal market share is expected to have increased to over 22%, up 1ppt

AURIZON

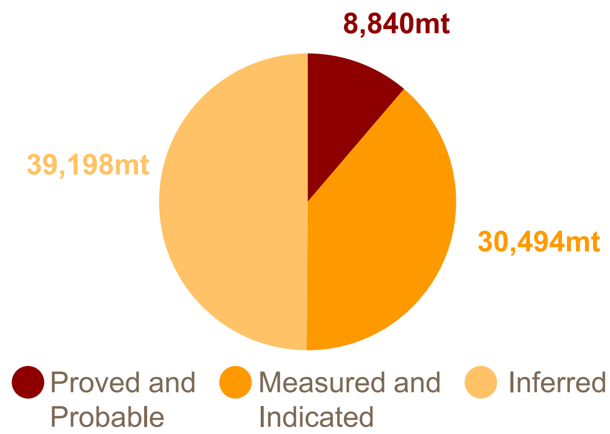
Source: Wood Mackenzie Coal Markets Tool (2016), Australian Bureau of Statistics, Wood Mackenzie Coal Costs Benchmarking (November 2014 and November 2015).

Large Bowen Basin reserves support production life in excess of 30 years

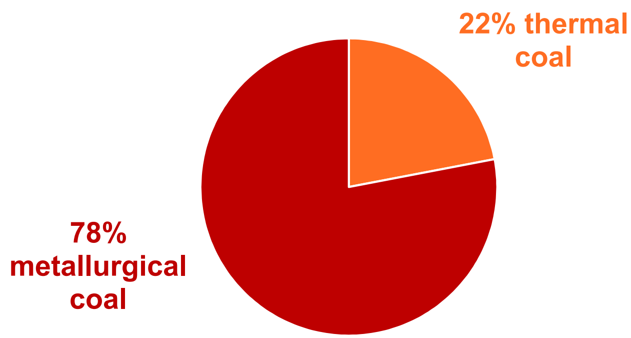
- The CQCN services the Bowen Basin region in Queensland, which supplies over 60% of the world's metallurgical coal
- Premium hard coking, LV PCI and semi-soft coking coal supply major steel-consuming nations and there is limited ability to substitute in the steel-making process
- Large reserves support production life in excess of 30 years on average for existing operations, with resources supporting an additional 100+ years of production



Bowen Basin reserves and resources[1]



Split of Bowen Basin coal reserves[2]



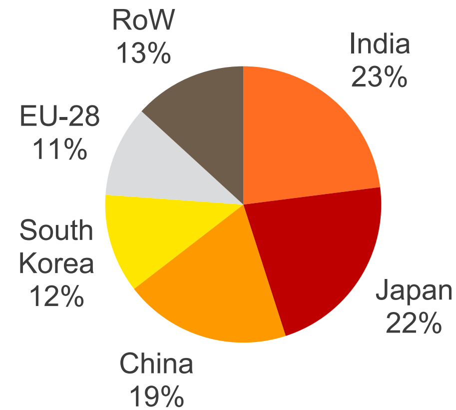
(1) As at 30 June 2014. Source: Queensland Exploration Scorecard 2014.
(2) Wood Mackenzie Australia Coal Supply Service - February 2016 (marketable reserves).

AURIZON

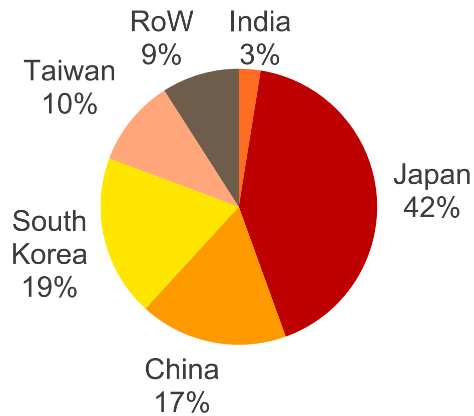
Proximity to Asia gives Australia a competitive advantage

- In 2015, 76% of Australia's metallurgical coal and 91% of thermal coal was exported to five countries (Japan, South Korea, Taiwan, China and India)[(1)]
- Lower coal exports to China were offset by strength from alternate end markets in 2015
  - Australia exported record high annual volume to each of Japan, South Korea, Taiwan and India in the year
- Growth prospects in the medium term driven by continued demand for steel production

Australia's metallurgical coal exports by destination (CY15)



Australia's thermal coal exports by destination (CY15)

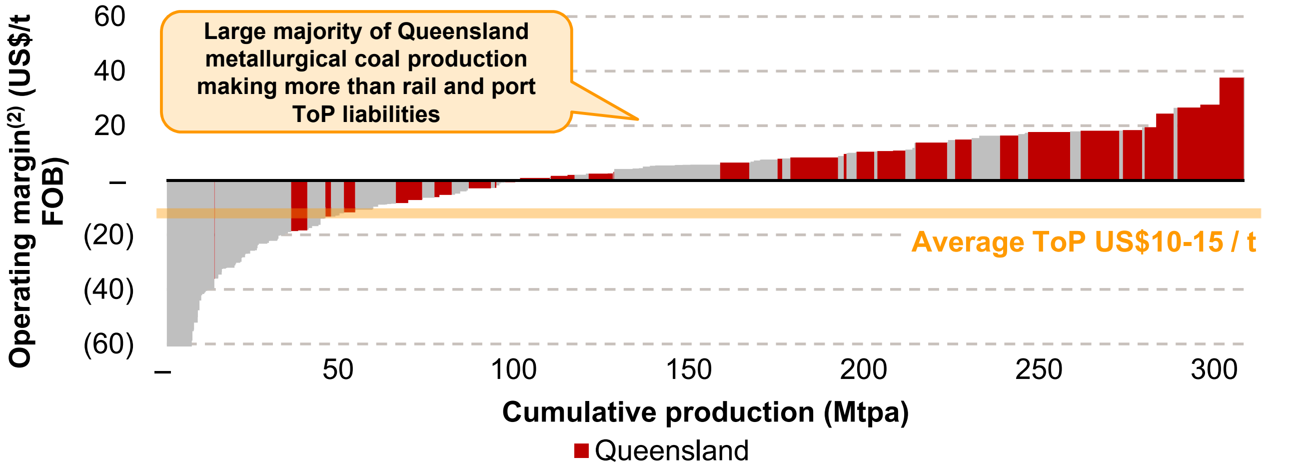


Source: Wood Mackenzie Coal Markets Tool (2016), Australian Bureau of Statistics.

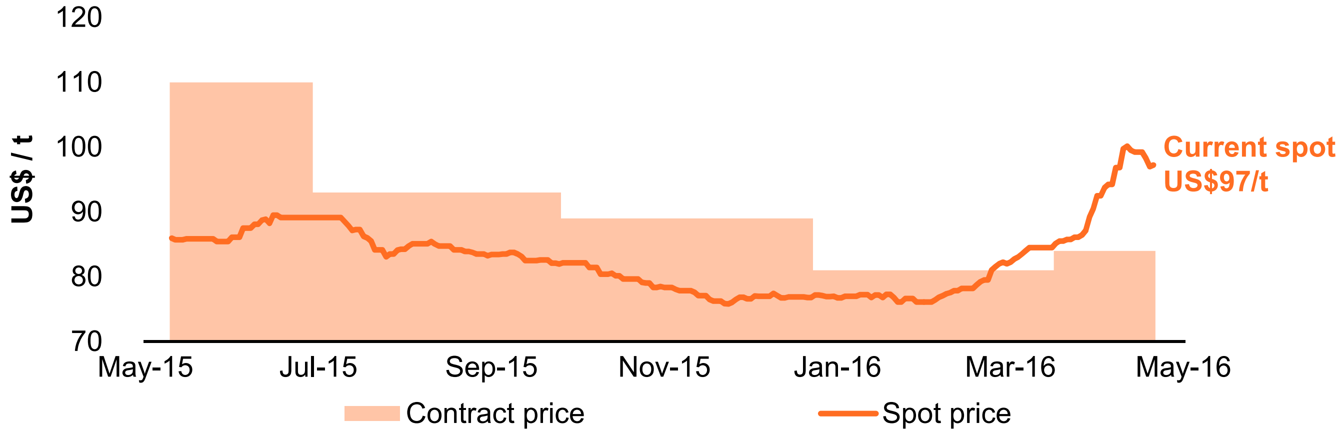
AURIZON

Queensland's assets are high quality and held by the major diversified miners

2016 global seaborne metallurgical coal margin curve[1]



Hard coking coal prices



- Australian coal supply has responded to a challenging price environment with ongoing unit cost reduction, further improving position on seaborne cost curves
- Metallurgical coal from the Bowen Basin is amongst the highest quality globally and is produced at relatively lower cost
- A large majority of QLD miners are incentivised to continue producing as they are earning in excess of rail and port take-or-pay liabilities
- Cash costs[3] for Australian export metallurgical coal mines declined 24% in 2015 and have declined 51% since 2012
- Contract prices increased in the second quarter of 2016 for the first time since Q4 2013:
  - Hard coking coal contract price increasing to US$84/t from US$81/t;
  - LV PCI contract price increasing to US$74/t from US$70/t
  - Semi-soft coking coal contract price increasing to US$70/t up from US$66/t
  - Spot hard coking coal price has also increased significantly over the last two months, rising from its 8 year low of US$76/t to US$97/t

AURIZON

Source: Wood Mackenzie Ltd, Dataset February 2016, Bloomberg.
(1) Margins based on Wood Mackenzie assumed 2016 prices: hard coking coal US$83/t FOB, LV PCI US$68/t FOB, semi-soft coking coal US$63/t FOB and AUDUSD of 0.73.
(2) Operating margin post-FOB costs (mining, processing, transport, port, mine overhead and royalty costs).
(3) Post-royalty.

IV. Regulatory update

Regulatory framework

- The CQCN operates under a stable and well established regulatory regime
  - The CQCN is regulated by the QCA and provides open access to all accredited rail operators
- The form of regulation is a conventional revenue cap
  - Aurizon Network can earn a set return on its asset base over the regulatory period (RAB x WACC)
  - Aurizon Network's revenue is independent of tonnes hauled on the network (limited volume risk)
- Since 1 July 2013, Aurizon Network has been operating under transitional tariffs approved by the QCA as part of extensions to the existing UT3 Access Undertaking
- On 28 April 2016, QCA published its Final Decision on Aurizon Network's Draft Access Undertaking
- Aurizon Network is currently reviewing the Final Decision to assess the impact on the business

Key Policy Elements

Socialised Pricing

- Customers pay their access charges via a five part tariff that allocates the Maximum Allowable Revenue

Ring-fencing

- Aurizon Network has the obligation to keep access seekers and holders information confidential
- Enables efficient and effective competition in the Above Rail haulage market that benefits the supply chain efficiency

Standard Form Access Contract

- QCA approves a standard form access contract that enables all users to contract on the same Access Agreement framework
- Provides customers and Aurizon Network with contract certainty

Reporting

- Aurizon Network provides operational reports to customers highlighting the performance of the system

AURIZON

Update on UT4 – summary of key outcomes

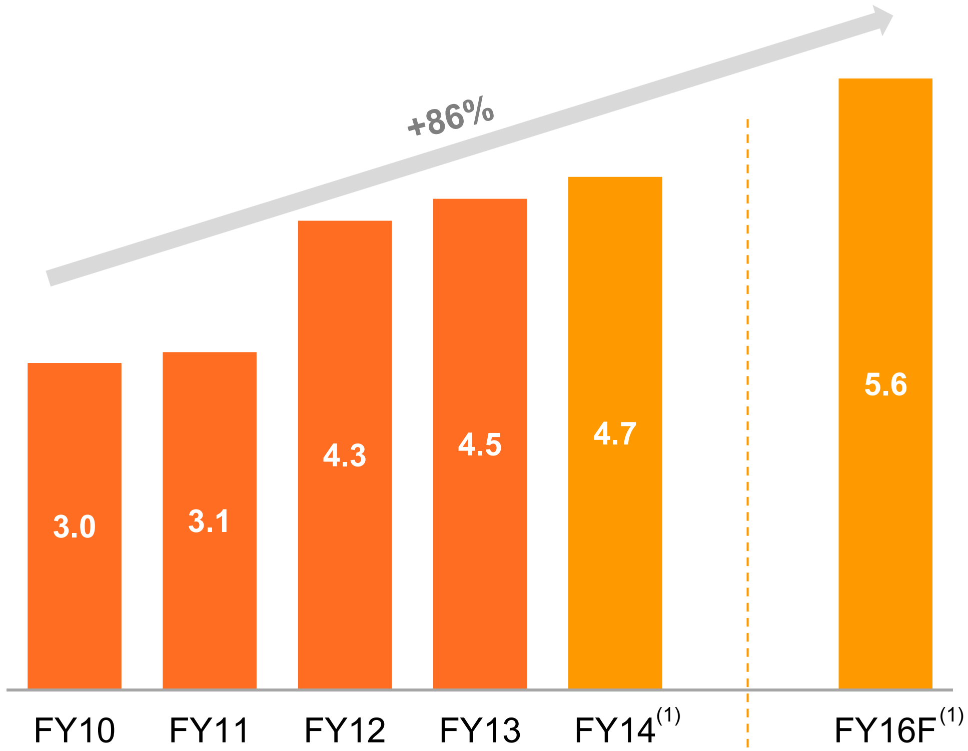
- Final Decision published on 28 April 2016 on Aurizon Network's 2014 Draft Access Undertaking covering the period FY14 to FY17
- The Final Decision has specified:
  - Overall maximum revenue of $3.925 billion over the period of the Undertaking (QCA Consolidated Draft Decision: $3.927 billion)
  - Weighted Average Cost of Capital (WACC) remains at 7.17% (in line with the Consolidated Draft Decision)
- Final Decision in line with the Draft Decision and consistent with the expectations of both Rating Agencies and equity markets
  - The Final UT4 Decision highlights a Net Under Recovery of Regulatory Revenue to date
  - Aurizon Network is working with the QCA to validate the quantum of the Under Recovery and the mechanism to recover this revenue on an NPV neutral basis
- QCA has continued to apply a revenue deferral for WIRP customers which do not rail during the 2014 – 2017 regulatory period
  - QCA recognise the ability for Aurizon Network to seek QCA approval for a recovery mechanism for the revenue deferral as WIRP volumes increase
- The UT4 Maximum Allowable Revenue has increased ~27% (or $844m) from the UT3 position
- The QCA has issued an Initial Access Undertaking Notice that requires Network to submit a draft access undertaking (UT5) by 9 September 2016

AURIZON

Growth in Aurizon Network’s RAB

- QCA determines Aurizon Network's access pricing based on the estimated value of the RAB
- Estimated RAB value of A$5.6bn(1)
- Value of the RAB determined by:
  - Opening balance
  - Add inflation
  - Add capex
  - Less depreciation
- UT4 and Standard User Funding Agreement (SUFA) seek to include a pre-approval mechanism for capital investment

Aurizon Network’s RAB over time (A$bn)



(1) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn

QCA's approach to regulation

The QCA takes a three step approach for determining the reference tariffs charged by Aurizon Network to CQCN users

Step 1

- RAB is approved by the QCA on a Depreciated Optimal Replacement Cost basis
  - The approved RAB is rolled forward annually with adjustments for consumer price index escalation, depreciation based on asset life, new QCA approved capital expenditure proposed and asset disposals

Step 2

- 'Building block' approach adopted to determine the CQCN's maximum allowable revenue
  - Capital costs – WACC return on capital, and depreciation
  - Non capital costs – expenses relating to operating costs, tax and maintenance

Step 3

- Reference tariffs determined annually, taking into consideration forecast volumes and under/over recovery in prior periods
  - Future tariffs will be adjusted should actual volumes differ from forecast volumes

BUILDING BLOCKS

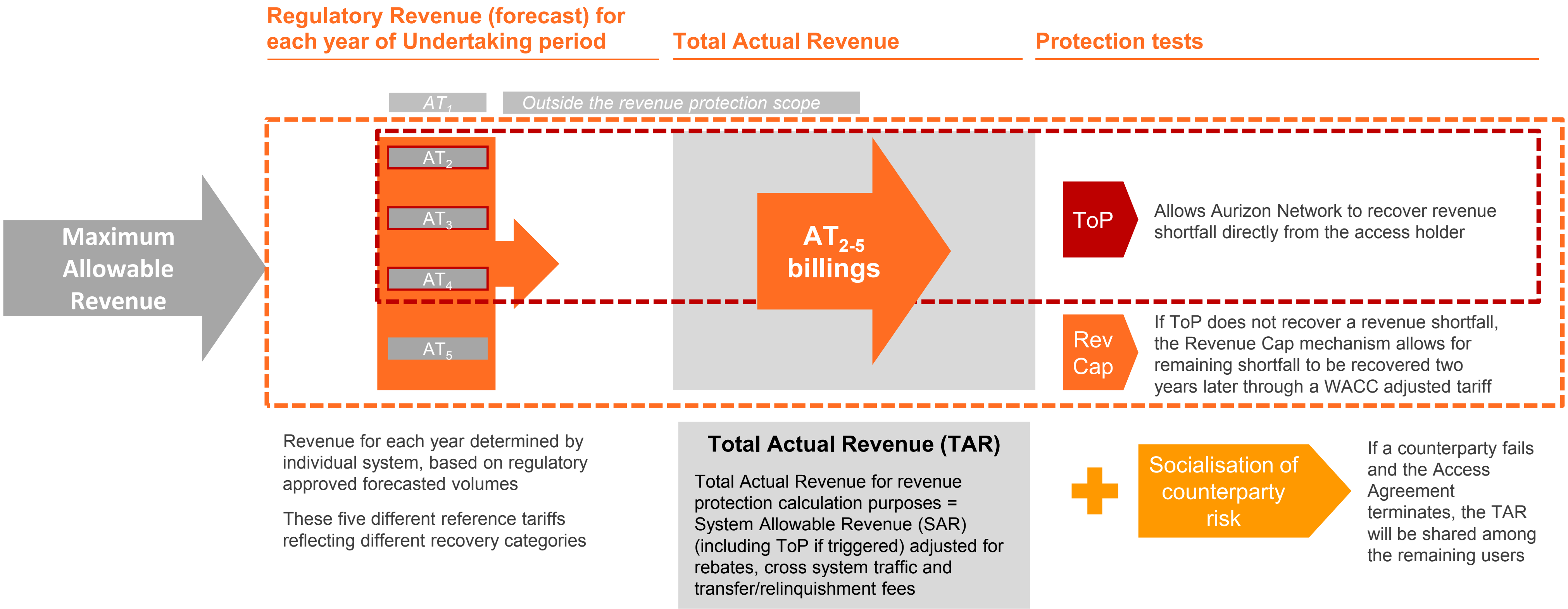
WACC (Return on Capital) + **Depreciation (Return of Capital)** + **Opex** + **Maintenance** + **Gamma adjusted tax[(1)]** = **Aurizon Network's Maximum Allowable Revenue (MAR)**

AURIZON

(1) Tax adjusted for imputation credits.

The CQCN regulatory framework provides revenue protection

- Aurizon Network's regulated revenue is protected through a combination of contractual and regulatory mechanisms that are included in the Access Undertaking and access agreements
- These mechanisms come into effect when revenue shortfalls occur due to actual tonnage railed being less than regulatory approved tonnage forecasts



Socialisation in the event of a revenue shortfall

Scenario: A Coal Mine on the Goonyella System closes due to insolvency and the mine ceases all railings at 31 December (half way through the fiscal year) with no future railings to occur. The mine was forecast by the regulator to rail 5mt per annum

	Regulatory Forecast		Actual		Process
Year 1	Regulatory Volume	110mt	Volume	107.5mt	› The mine closes at the end of 1H having railed 2.5mt, incurring A$8m in Access Charges (12 weeks or A$3.7m protected by security provided by customer)
	Goonyella MAR	A$350m	Revenue	A$342m	› Unused capacity for the remainder of the year leads to A$8m shortfall in revenue vs MAR. Recovery can be made through Take-or-Pay agreements with original operator or other users of the network
	Tariff per tonne	A$3.18/t	**Shortfall**	**A$8m**	› Assuming it is not possible to recover revenue through Take-or-Pay agreements the revenue cap system will adjust the MAR in year 3
			(vs MAR)		
Year 2	Regulatory Volume	105mt	Volume	105mt	› Regulator adjusts regulatory volume to account for lost 5mt from closed mine
	Goonyella MAR	A$350m	Revenue	A$350m	› Goonyella MAR maintained at A$350m, tariffs increased on all users to achieve MAR on lower volumes
	Tariff per tonne	A$3.33/t			
Year 3	Regulatory Volume	105mt	Volume	105mt	› 1-off increase to Goonyella MAR to make up for shortfall in year 1 (assuming no recovery through Take-or-Pay agreements in year 1)
	Goonyella MAR	A$350m	Revenue	A$358m	› Tariffs increased for year 3 to make up year 1 shortfall
	1-off increase to MAR	+A$8	**Surplus**	**A$8m**	
	Year 3 MAR	**A$358m**	(vs MAR)		
	Tariff per tonne	A$3.41/t			

V. Financial overview

Historical financial and operating performance

Historical financials (A$ millions; 30 June year end)	FY13	FY14	FY15	FY15 vs FY14	1H15	1H16	1H16 vs 1H15
Total assets	5,033	5,378	5,811	8.1%	5,505	5,805	5.4%
Regulated Asset Base[(1)]	4,500	4,700	4,600	(2.1%)			
Revenue	**980**	**1,012**	**1,108**	9.4%	**530**	**581**	9.6%
EBITDA - underlying[(2)]	**599**[(3)]	**610**	**699**	14.6%	**324**	**370**	14.2%
Margin	*61.1%*	*60.3%*	*63.1%*	*284 bps*	*61.1%*	*63.7%*	*255 bps*
EBIT - underlying[(2)]	**417**	**412**	**484**	17.5%	**218**	**245**	12.4%
Margin	*42.6%*	*40.7%*	*43.7%*	*297 bps*	*41.1%*	*42.2%*	*104 bps*
Tonnes (m)	182	215	226	5.2%	115	114	(0.6%)
NTK (bn)	44.7	54.2	56.2	3.7%	28.4	28.9	1.8%
Access revenue / NTK (A$ / '000 NTK)	20.6	17.5	18.6	6.3%	17.6	19.4	10.2%
Maintenance / NTK (A$ / '000 NTK)	2.5	2.5	2.5	0.0%	2.4	2.8	16.7%

- 1H16 EBIT uplift driven by higher revenue based on UT4 Draft Decision released in December 2015
- Network delivered a record 226mt across the CQCN in FY15 – a 5% improvement over FY14
- Transitional tariffs remained in place for the entire year and were the basis on which access revenue was recognised
- FY15 Underlying EBIT increase driven by an increase of $96m in total revenues partially offset by a $24m increase in depreciation and operating expenditure
- Key operational achievements contributing to EBITDA growth in the past 5 years:
  - Significant enhancement in Network reliability, resulting in a 13% increase in average cycle velocity, 21% decline in system closure hours and 8% increase in average payloads
  - 41% increase in NTKs to 56.2bn

Note: Historically, Aurizon Network's financial results have been consolidated into audited accounts of Aurizon Holdings. Summary financials and operating metrics are not comparable with information previously filed by Aurizon Holdings

(1) Indicative projection based on QCA Final Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn.

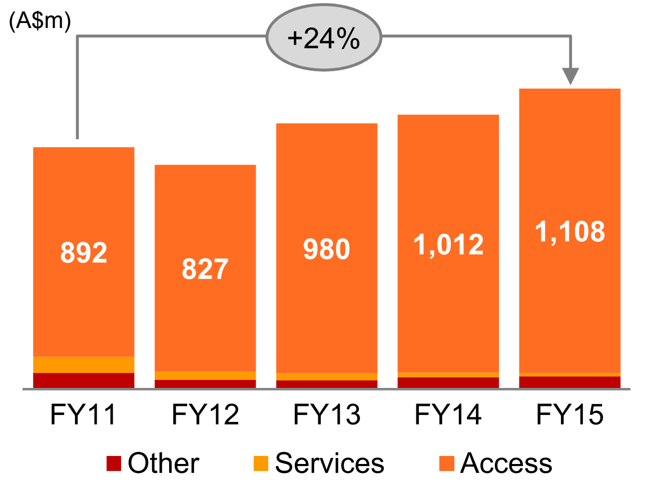
(2) Adjusted for impairment losses of $66.1m in FY14.

(3) Revised Segment Disclosure, ASX announcement, 2 December 2014.

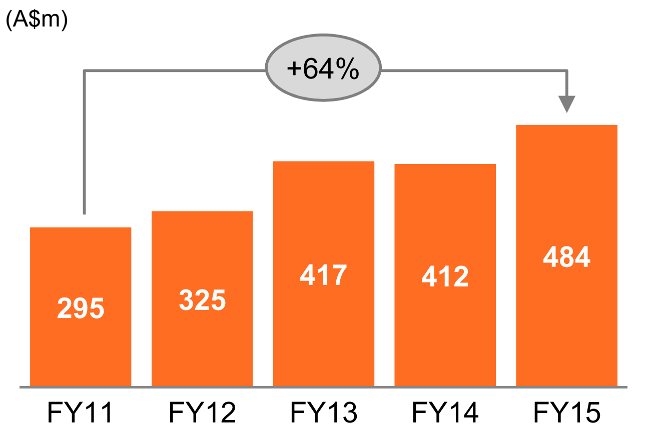
AURIZON

Key financial metrics summary

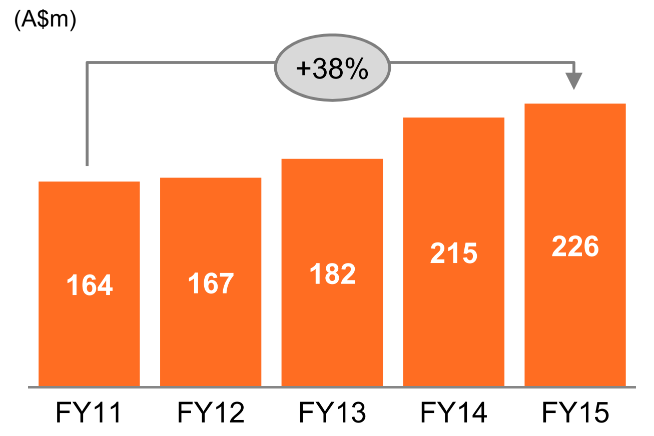
Revenue



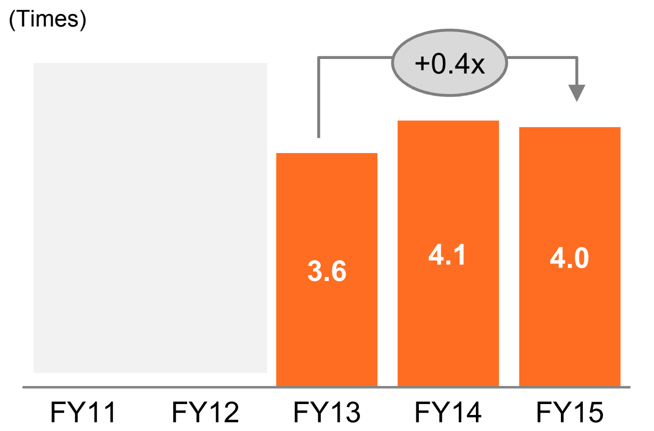
EBIT



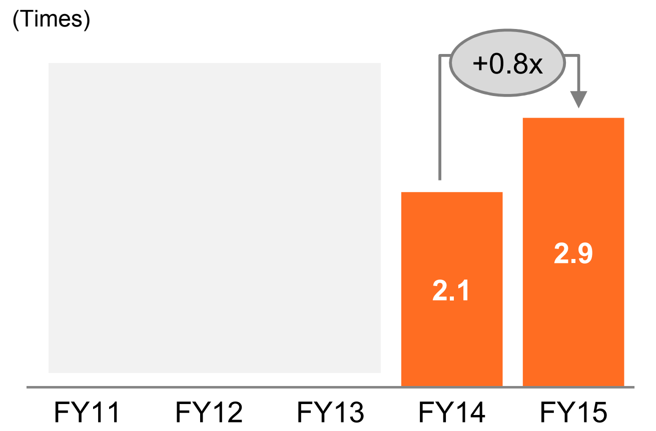
Volumes



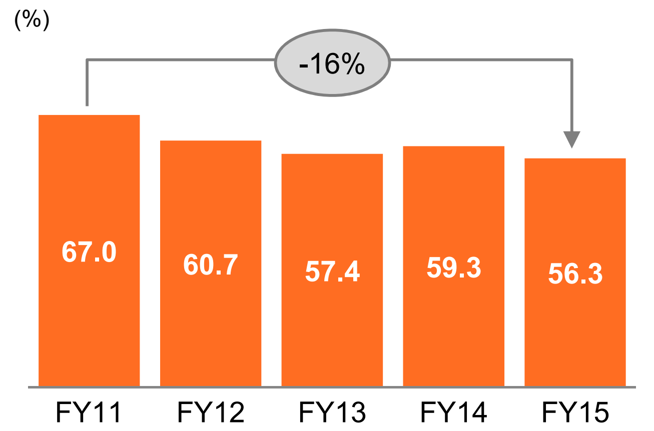
Net Debt / EBITDA (underlying)



Interest cover ratio



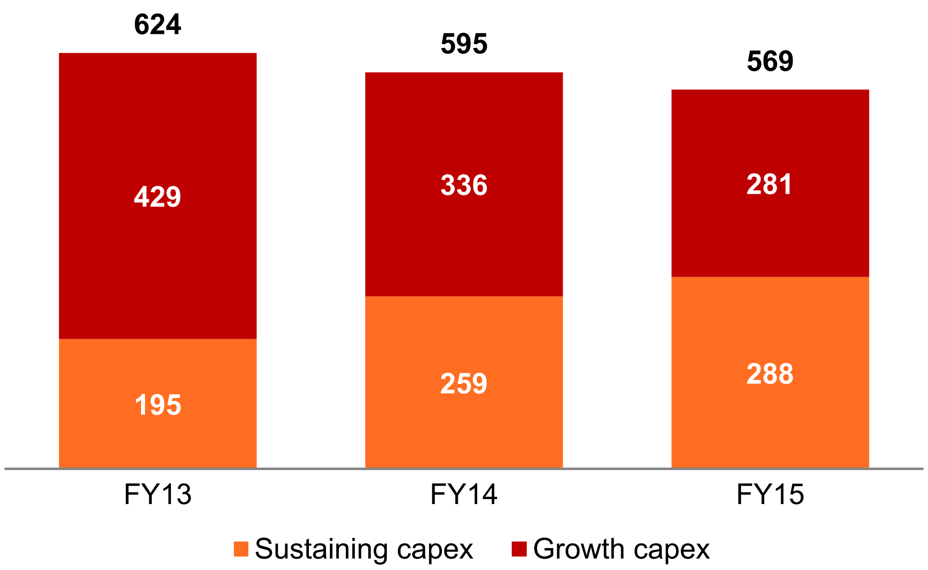
Operating ratio



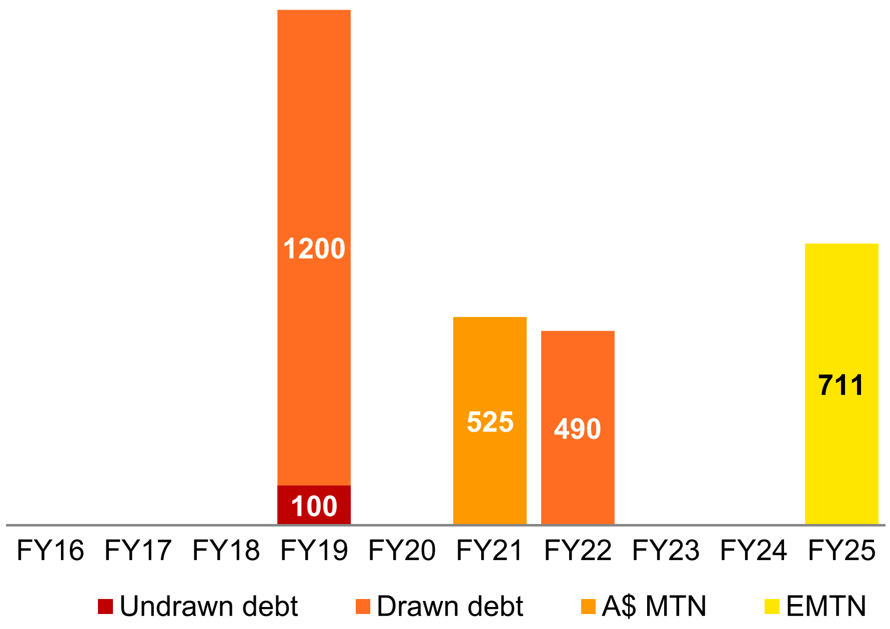
AURIZON

Capital expenditure and capital structure overview

Capital expenditure (A$m)



Debt maturity profile (A$m)

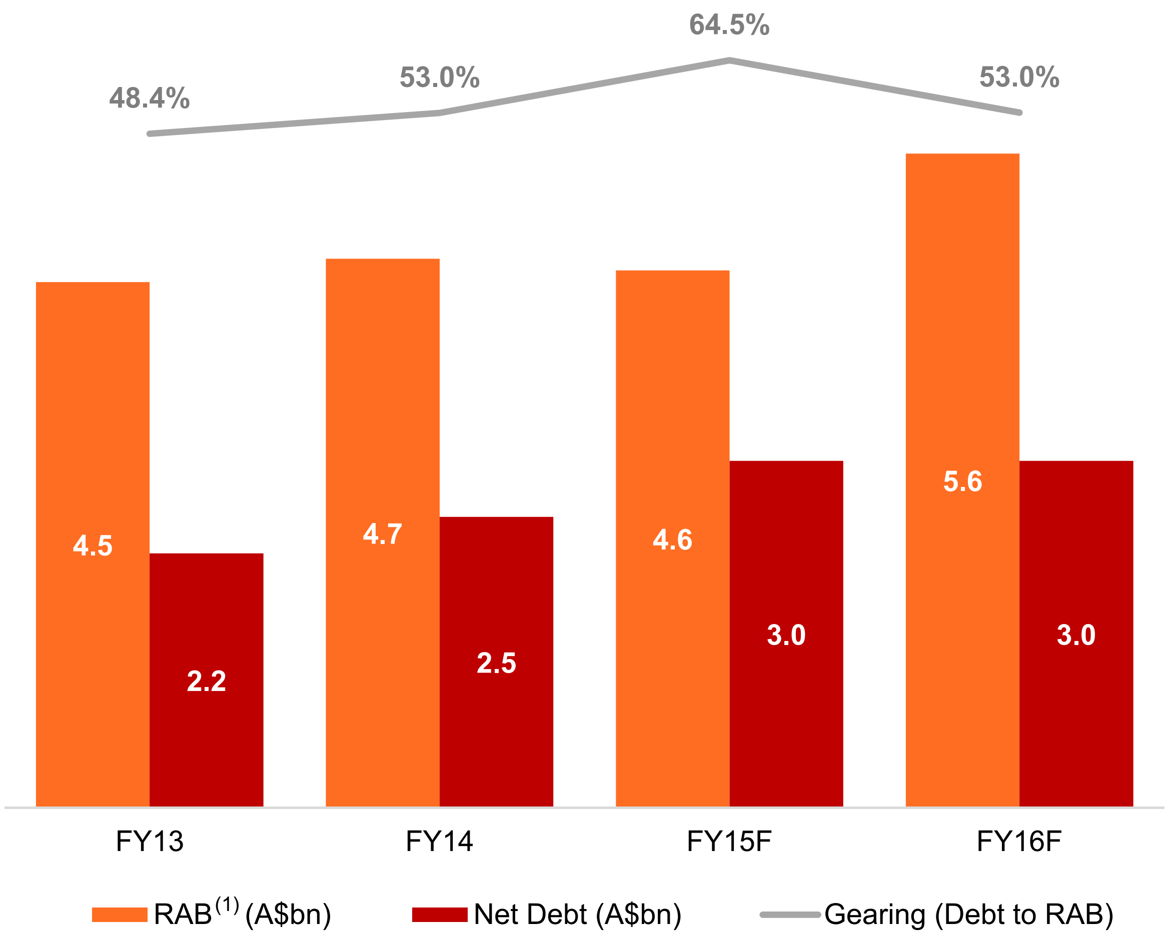


- All material growth projects were completed by December 2015
- Sustaining capex is completely funded through operating cash flows
- Projected growth capex of ~$80m over FY16-18 associated with existing projects
- Going forward, sustaining capex expected to be ~$250m – $300m p.a. excluding rail renewals (replacement of worn track)

- Standalone debt facilities are in place at the Aurizon Network level, supported by the Below Rail regulated infrastructure assets
- Aurizon Network has a board approved dividend policy that provides distributions to Operations on a quarterly basis
- Distributions are limited to any surplus cash net of operating expenses, sustaining capex, interest and tax and will not be paid if management considers it will put Network's investment grade ratings at risk

Capital structure and gearing over time

Aurizon Network RAB – Gearing Structure



- Aurizon Network's Net Debt position in the medium term is expected to remain flat given no further growth projects
- Once all growth capex has been rolled into the RAB gearing will remain slightly below the regulatory assumed gearing level of 55%
- Borrowings increased to fund the major growth projects comprising:
  - WIRP Project
  - Rolleston Electrification
  - Goonyella System Expansion
- There has been no change to credit ratings both at Group and Aurizon Network level since ASX listing
  - Baa1 / BBB+ (negative / stable) at both Group and Network levels

(1) Indicative projection based on QCA Final UT4 Decision, April 2016. Excludes assets operating under an Access Facilitation Deed (AFD) of A$0.4bn.

Appendix

Below rail infrastructure

Track

Signalling/ Overhead/ Telecoms

Structures

Facilities

Aurizon Group highlights: 1H16

Safety	› ZERO LTIFR, a first for Aurizon. TRIFR increased 25% versus 2HFY2015
Results	› Revenue down 11% to A$1.76bn, underlying EBIT down 17% to A$403m › Excluding previously announced items, revenue down 4%, underlying EBIT down 2% against 5% volume decline › Statutory NPAT A$108m loss reflects A$426m asset impairments including A$174m relating to West Pilbara (project costs and Aquila investment) › Interim FY2016 dividend of 11.3 cps (70% franked), up 12%
Operating Ratio	› 1HFY2016 77.1%, impacted by fixed costs on lower revenue › FY2016 target unlikely to be met, FY2017 target challenging › FY2018 target remains 70% underpinned by transformation, assuming volumes consistent with FY2016
Transformation	› A$56m benefits delivered in 1HFY2016, A$308m since July 2013 › FY2016-2018 transformation target set at A$380m, with further initiatives being identified to accelerate program
Capital Investment	› Capex spend reduced A$150-200m in next eighteen months
Shareholder Returns	› Continue strategy to return surplus funds to shareholders › Dividend payout ratio of 100% maintained, applied to underlying NPAT › 41% of current buy-back completed to date, 64m shares outstanding

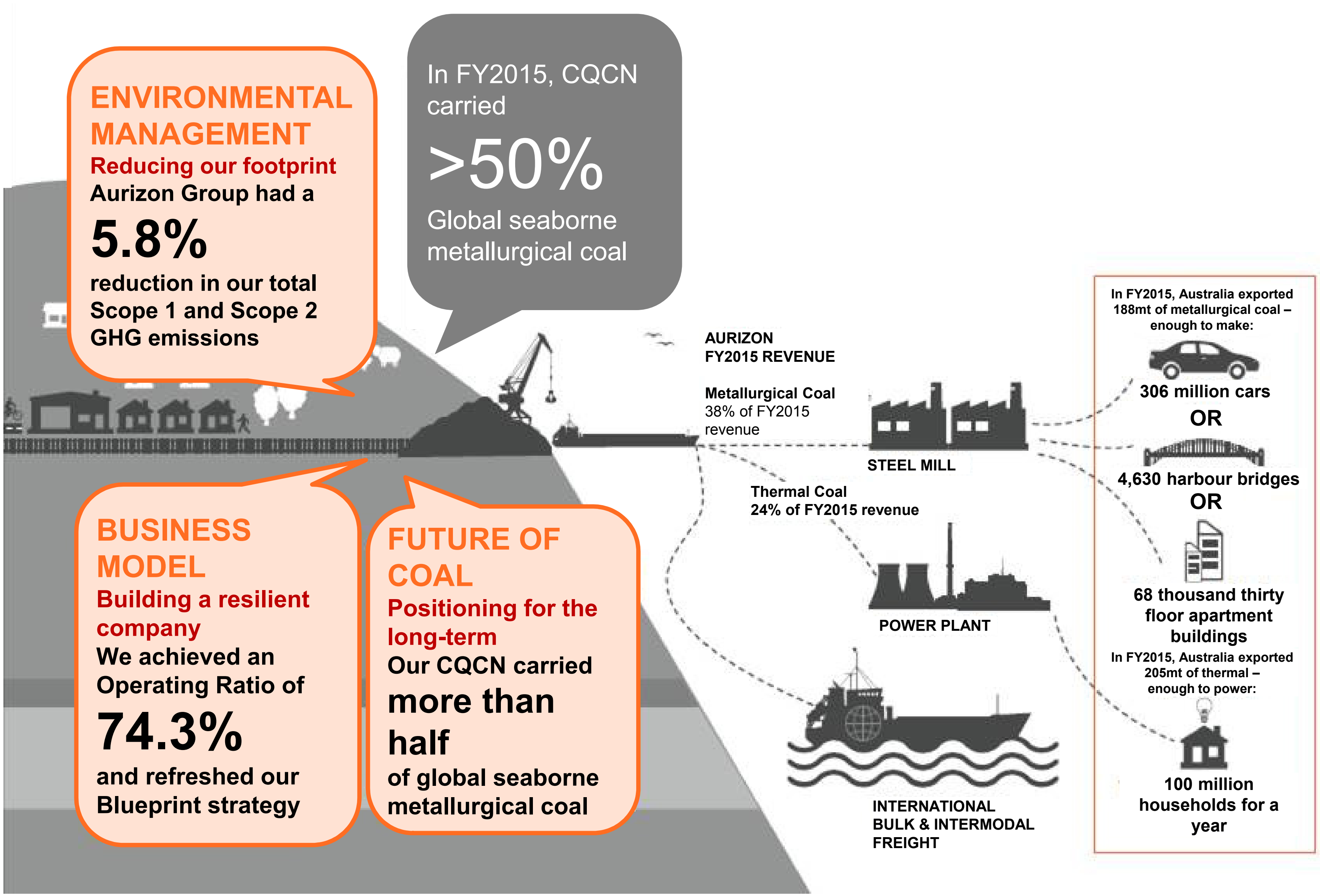
Aurizon Group financials: 1H16

Historical financials (A$ millions; 30 June year end)	1H15	1H16	1H16 vs 1H15
Revenue	**1,965**	**1,758**	**(10.5%)**
EBIT – underlying(1)	**486**	**403**	**(17.1%)**
EBIT – statutory	486	(23)	(104.7%)
NPAT – underlying(2)	**308**	**237**	**(23.1%)**
NPAT – statutory	308	(108)	(135.1%)
EPS (cps) – underlying	**14.4**	**11.2**	**(22.2%)**
EPS (cps) – statutory	14.4	(5.1)	(135.4%)
DPS(3)(cps)	**10.1**	**11.3**	**11.9%**

- Sale of Redbank and impact of expired revenue contracts in FY2015 and 5% volume decline in 1HFY2016
- Includes A$16m one off cost of employee shares and A$18m QNI debt provision
- Operating costs decreased 12% with transformation benefits of A$56m and A$30m reduction in fuel price
- Depreciation increased A$27m or 11% on commissioning of WIRP, Hexham and Rolleston
- WIRP revenue deferred pursuant to CDD
- Statutory EBIT includes A$426m of impairments for investment in associates, major projects and other assets
- Dividend up 12%, based on payout ratio of 100% of underlying NPAT

(1) Underlying EBIT excludes significant items of A$426m (1HFY2015 A$nil).
(2) Underlying NPAT excludes significant items of A$345m (1HFY2015 A$nil).
(3) Difference between EPS of 11.2c and DPS of 11.3c is due to impact of weighted average shares in the EPS calculation. DPS uses actual share count at 31 December 2015.

Sustainability of coal



AURIZON

Aurizon Network: Experienced Management

Alex Kummant
Director,
Executive Vice President

Mr Kummant has more than 25 years' experience in the North American industrial sector, including in various executive roles in the rail industry. Mr Kummant was appointed Executive Vice President Strategy of the Aurizon Holdings Group in October 2012 and then Executive Vice President of Aurizon Network in January 2014 . Prior to joining the Aurizon Holdings Group in October 2012, Mr Kummant was Chief Executive Officer of Amtrak and Vice President in several executive roles at Union Pacific Railroad. Prior to joining Union Pacific Railroad, Mr Kummant held various executive roles at Emerson Electric Co. and SPX Corporation.

Scott Riedel
Vice President – Network Operations

Mr Riedel has over 25 years' experience in the rail and petrochemical industries in Australia, Asia and the United Kingdom. This experience includes managing all phases of rail projects from concept to renewal, including project execution and operational requirements. As VP Network Operations, Mr Riedel is responsible for safely and sustainably delivering maximum system throughput at the lowest cost of operation, while ensuring the integrity of the CQCN for the coal industry. His direct responsibilities include asset maintenance, scheduling access paths, operational train control, minor maintenance execution and emergency and incident management and response. Mr Riedel holds an Honours Degree in Electrical Engineering, a Graduate Diploma in Business, and is a Registered Professional Engineer of Queensland.

Pam Bains
Vice President – Network Finance

Ms Bains has over 20 years' experience in finance and commercial roles working in the UK, India and Australia.

After completing a Bachelor of Economics and Finance and qualifying as a Chartered Accountant with Arthur Andersen (UK), Ms Bains gained experience across a number of sectors including financial services (GE Capital - Global Consumer Finance), retail & distribution (Next plc) and telecommunications, (Teléfonica O2). Ms Bains joined Aurizon in 2010, playing a critical role during Aurizon Holdings' initial public offering and listing on the ASX. As Vice President Network Finance, her responsibilities include providing insight through business partnering, strategic and financial planning and external stakeholder engagement. Ms Bains is also Chairperson of the Network Investment Committee.

Clay McDonald
Vice President – Network Commercial

Mr McDonald has 15 years' experience in the transport and logistics sector in Queensland and New South Wales. Prior to joining Aurizon Holdings Group, he held a number of roles with Toll Holdings in the Resource's, QRX and Remote Logistics businesses. Previous experience includes roles as State Manager of transport and warehousing businesses Oswalds and Banks Distribution. As Vice President Commercial Development, Mr McDonald is responsible for the Planning and Development of the CQCN Network and for managing the commercial arrangements for access to that network. Prior to his current role he held the position of VP Network Operations for over 4 years and Group General Manager of above rail Operations responsible for Blackwater, Moura and West Morton coal corridors from 2008 to 2011. Mr McDonald has a Bachelor of Science from University NSW and a Masters Degree in Operations from Macquarie Graduate School of Management (MGSM).

Lana Stockman
Vice President – Regulation

Ms Stockman has 15 years' experience in the energy sector working in both competitive and regulated markets including regulatory roles in Energy Australia and with the New Zealand Electricity Authority. She previously held various positions in revenue portfolio management and spot energy trading with Stanwell Corporation and with Meridian Energy, where she was Generation Control Centre Manager with Meridian Energy. With a combination of a Bachelor's degree in Civil Engineering and a Master Degree in Applied Finance Ms Stockman is well placed to develop both commercial and technical regulatory strategies to support the efficient operation and growth of the CQCN within the regulatory framework.

AURIZON

Aurizon Network: Experienced Board

Michael Fraser
Non-Executive Chairman

Mr Fraser has more than 30 years' experience in the Australian energy industry He has held various executive positions at AGL Energy culminating in his role as Managing Director and Chief Executive Officer for the period of seven years until February 2015. Mr Fraser is currently a Non-Executive Director of the ASX listed APA Group. Michael is a former Chairman of the Clean Energy Council, Elgas Limited, ActewAGL and the NEMMCo Participants Advisory Committee, as well as a former Director of Queensland Gas Company Limited, the Australian Gas Association and the Energy Retailers Association of Australia.

Alex Kummant
Director,
Executive Vice President

Mr Kummant has more than 25 years' experience in the North American industrial sector, including in various executive roles in the rail industry. Mr Kummant was appointed Executive Vice President Strategy of the Aurizon Holdings Group in October 2012 and then Executive Vice President of Aurizon Network in January 2014 . Prior to joining the Aurizon Holdings Group in October 2012, Mr Kummant was Chief Executive Officer of Amtrak and Vice President in several executive roles at Union Pacific Railroad. Prior to joining Union Pacific Railroad, Mr Kummant held various executive roles at Emerson Electric Co. and SPX Corporation.

John Cooper
Non-Executive Director

Mr Cooper has more than 35 years' experience in the construction and engineering sector in Australia and overseas. Currently, Mr Cooper is Chairman and Non-Executive Director of Southern Cross Electrical Engineering Limited and also holds a Non-Executive Directorship with NRW Holdings Limited. During his career as an executive Mr Cooper's roles have encompassed large civil, commercial and infrastructure projects and complex engineering and project management activities in the mining, oil and gas, engineering and property sectors.

Lance Hockridge
Director

Mr Hockridge became Managing Director & CEO of Aurizon Holdings, in July 2010. He has guided Aurizon's transition to a top 50 ASX company after 145 years as a government owned railway. From 2007 until 2010, he was CEO of QR Limited which was split to form Aurizon Holdings and the passenger-focussed Queensland Rail that remained in government ownership. Mr Hockridge has more than 30 years' experience in the transportation and heavy industrial sectors in Australia and the United States with BHP Billiton and BlueScope Steel. At BHP Billiton Limited, Mr Hockridge was a member of the leadership team that led BlueScope Steel's successful demerger from BHP and subsequent listing on the ASX. In 2005, Mr Hockridge was appointed President of BlueScope Steel's North American operations where he led a major turnaround in safety, production and financial performance. Mr. Hockridge is a member of the Business Council of Australia's Efficient Regulation policy committee and a regular participant in industry forums on transport infrastructure and reform. He has been appointed to Q20, the business leaders group promoting Queensland investment as part of the G20 Summit in Brisbane in November 2014.

Sam Lewis
Non-Executive Director

Ms Lewis has extensive financial experience, including as a lead auditor of a number of major Australian listed entities. Ms Lewis has significant experience working with clients in the manufacturing, consumer business and energy sectors, and in addition to external audits, has provided accounting and transactional advisory services to other major organisations in Australia. Ms Lewis's expertise includes accounting, finance, auditing, risk management, corporate governance, capital markets and due diligence. Ms Lewis is currently a non-executive director and chairman of the Audit & Compliance Committee of Orora Limited and also holds a Non-Executive Directorship with Greenstone Limited. Previously, Ms Lewis was an Assurance & Advisory partner from 2000 to 2014 with Deloitte Australia.

AURIZON

Glossary

Defined Term	Definition
Access Facilitation Deed	Assets that have the construction cost prepaid by the customer
Access Revenue	Amount received for access to the Network infrastructure under the Access Agreement
AT	Access tariff
CQCN	Central Queensland Coal Network
Free cash flow	Net operating cash flows less net cash flow from investing activities. Interest payments have been classified as Financing and Investing Activities rather than Operating activities.
Gamma	The average percentage value of imputation credits to equity holders, as attributed by the QCA in the relevant access undertaking
GAPE	Goonyella to Abbot Point Expansion
Gearing	Net debt / RAB
HCC	Hard coking coal
LV PCI	Low volatile pulverised coal injection
Maintenance	Maintenance costs exclude flood repairs, mechanised ballast undercutting, derailment repairs and electric traction maintenance
MAR	Maximum Allowable Revenue that Aurizon Network Pty Ltd is entitled to earn from the provision of coal carrying train services in the CQCN
mt	Million tonnes
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
QCA	Queensland Competition Authority
RAB	Regulated asset base
SSCC	Semi-soft coking coal
ToP	Take-or-Pay. Contractual ToP 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
UT3	Access Undertaking 3 (1 July 2009 - 30 June 2013)
UT4	Access Undertaking 4 (1 July 2013 - 30 June 2017)
WACC	Weighted average cost of capital
WIRP	Wiggins Island Rail Project

AURIZON