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18 July 2013

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Aurizon analyst and investor presentation

Please find **attached** an analyst and investor presentation for immediate release to the market.

The presentation will be made at 11:00am (AEST) and will be available via webcast which will be accessible through the following link:

<http://www.media-server.com/m/p/vdvebyxm>

As set out in the presentation, the Company confirms the total coal tonnes hauled in FY 2013 was 193.7Mt, which is within the stated guidance of 192-195Mt confirmed at the release of the Company's half year results.

Yours faithfully
Aurizon



Dominic D Smith
SVP & Company Secretary





Aurizon Investor Briefing

Thursday 18th July 2013

Sydney

Disclaimer: Important notice

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Welcome & introduction

Lance Hockridge – MD & CEO

Agenda

1	Welcome & introduction MD& CEO - Lance Hockridge	
2	Enterprise Strategy – Aurizon’s 3 Pillars to Success EVP Strategy - Alex Kummant	
3	World Class Transformation – Drive to 75% - Overview EVP Business Sustainability – Greg Robinson	
4	Drive to 75% - Centralised Overheads EVP & CFO – Keith Neate	
5	Transformation – Enterprise Agreement Update EVP & Chief Human Resources Officer – John Stephens	
6	Drive to 75% - Above Rail EVP Operations – Mike Franczak	
7	Drive to 75% - Below Rail EVP Network – Mike Carter	
8	Q&A – Panel Discussion MD & CEO – Lance Hockridge EVP & CFO – Keith Neate EVP Commercial & Marketing - Paul Scurrah EVP & Chief Human Resources Officer – John Stephens	EVP Operations – Mike Franczak EVP Network - Mike Carter EVP Strategy – Alex Kummant EVP Business Sustainability – Greg Robinson
9	Closing Address	

Introducing our Senior Management Team



Lance E Hockridge
MD & CEO

Mr Hockridge joined QR Limited (now Aurizon Operations Limited) as Chief Executive Officer in 2007 with extensive experience in the transportation and heavy industrial sectors in Australia and the United States, including a 30 year career with BHP and BlueScope Steel. In 2005, Mr Hockridge was appointed President of BlueScope Steel's North American operations



Ken Lewsey
Executive Vice President, Business Development

Ken has over 20 years' experience in the logistics, steel distribution and manufacturing industries. He has an extensive background in leading large and complex business groups. Ken was previously CEO of ARG, the bulk freight subsidiary of Aurizon Operations Limited, and has also held roles with Brambles including Managing Director of Cleanaway Industrial and Regional Director of Brambles Industrial Services.



Keith Neate
Executive Vice President & Chief Financial Officer

Keith has extensive experience and expertise as a chief financial officer (CFO) for listed companies in a range of industries. He was the CFO at Virgin Blue for eight years, and prior to that spent fifteen years working at KPMG in a variety of senior accountancy roles.



Greg Pringle
Executive Vice President, Enterprise Services

Greg has a depth of senior management experience and knowledge acquired through a diverse professional and business career in which he held various senior executive roles in governance, risk management, law and compliance. Greg was previously the Group Company Secretary for Flight Centre Ltd and is also a past Magistrate, senior lawyer and strategic risk management consultant with PricewaterhouseCoopers.



Mike Carter
Executive Vice President, Network

Mike has broad experience in leadership roles over a 25-year career in the rail industry, including freight, passenger and heavy haul rail operations. He was Advisor to the London Underground during its restructuring and is a former Director of the Rail Industry Safety Standards Board, the Australian Logistics Council and the Australasian Rail Association. Mike is also a former member of Union of International Railways World Executive Council.



John Stephens
Executive Vice President & Chief Human Resources Officer

John has more than 25 years' experience in industrial relations, human resources and other senior management positions. His most recent role before joining Aurizon was as Vice President Human Resources with BHP Billiton. During his time at BHP Billiton, John held a range of senior HR roles in Australia, Indonesia and Canada. With extensive experience in the mining sector, he has a strong understanding of Aurizon's key markets.



Mike Franczak
Executive Vice President, Operations

Mike has had a 25 year career with Canada's second largest railroad Canadian Pacific (CP) Railway Ltd, most recently in the role of Executive Vice President and Chief Operations Officer. He was responsible for all aspects of Canadian Pacific's rail operations over its 23,650 kilometres of track, including network and production management, field operations, engineering, mechanical, service design, asset management, intermodal operations, safety and regulatory affairs.



Greg Robinson
Executive Vice President, Business Sustainability

Greg has had significant domestic and international experience in manufacturing and distribution businesses. Greg was previously General Manager of Lysaght Australia, a Division of BlueScope Steel and was also Regional General Manager Butler Manufacturing in the United States. Prior to performing these roles in BlueScope Steel Greg spent 20 years with BHP in BHP's Minerals and Petroleum businesses.



Alex Kummant
Executive Vice President, Strategy

Alex has more than 25 years experience in the North American industrial sector, including senior roles with US railways. He was Chief Executive Officer at the US national passenger railroad, Amtrak, and Vice President in several roles at Union Pacific, the world's largest freight railroad.



Paul Scurrah
Executive Vice President, Commercial & Marketing

Paul has a wealth of experience in the tourism and travel industries where he worked in a number of senior executive roles with QANTAS, American Express, Ansett, Tourism Queensland and Flight Centre. His most recent role before joining Aurizon was CEO of Queensland Rail.

Our vision, our mission and our values

Our Vision

- Grow our people
- Grow with our customers
- Grow the nation

Our Values

- Safety
- Integrity
- Leadership, passion and courage
- World-class performance

Our Mission

To be a world leading transport business. To partner with our customers for growth. To double the value of the company every five years. To be the safest transporter in the world

Targeting \$230m+ in cost efficiencies and productivity plus improved revenue quality and other initiatives

Illustrative only – not to scale



Revisit roadmap to achieving 75% Operating Ratio target (25% EBIT margin) by FY15

FY10 >>> FY12
90% >>> 84%

FY13

FY15
75%

Safety

- LTIFR reduced by 61% since FY10
- MTIFR reduced by 56% since FY10

- LTIFR reduced by 60% versus FY12
- MTIFR reduced by 54% versus FY12

- Achieve World class status
- ZERO Harm

Customers Revenue Quality

- Performance based contracts
- Differentiated solutions that are valuable for our customers

- Secured circa 120Mtpa in new coal contracts and renewals

- Continued growth of coal volumes under new contracts
- Continued engagement and partnering with our customers

Transformation

- Right sizing of the company
- Restructured to functional model

- Rationalisation of maintenance footprint and closed 3 infrastructure depots
- Voluntary Redundancy Program (VRP2)
- \$19.5m in procurement savings

- Focus of today's briefing

Capital efficiency

- Improved fleet availability and reliability
- Whole of life asset management implemented

- Payload performance improved 29% in Newlands and 6% NSW from longer consists
- Capital Management - \$1B buy-back
- Network Asset Renewal Program

- Focus of today's briefing

Growth

- GAPE NML completed delivering 33 Mtpa of additional system capacity while delivering \$48m in savings

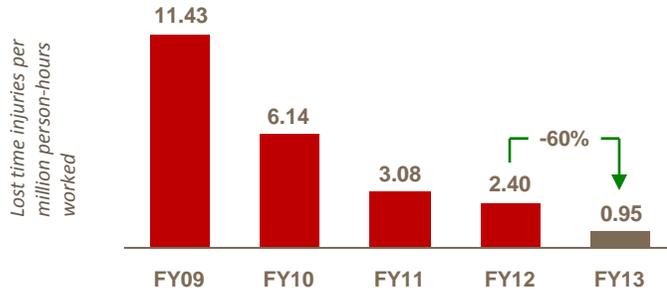
- Iron ore ramp up
- Short listed for Abbot Point coal terminal expansion

- Continuous improvement
- Diversifying beyond our core
- Exposure to high growth segments

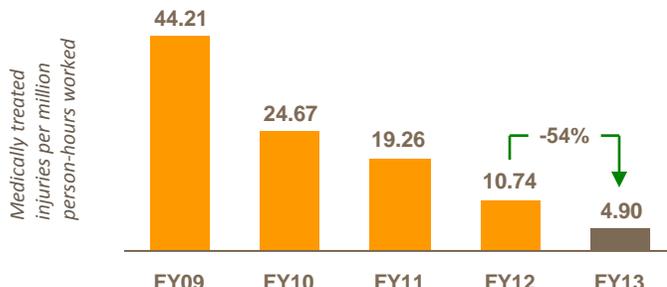
Our safety journey demonstrates success and our ability to execute operational change

Great success in the safety space...

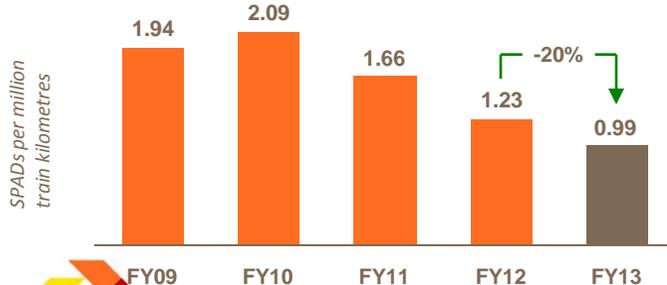
Lost Time Injury Frequency Rate (LTIFR)



Medically Treated Injury Frequency Rate (MTIFR)



Signals Passed at Danger (SPADs)



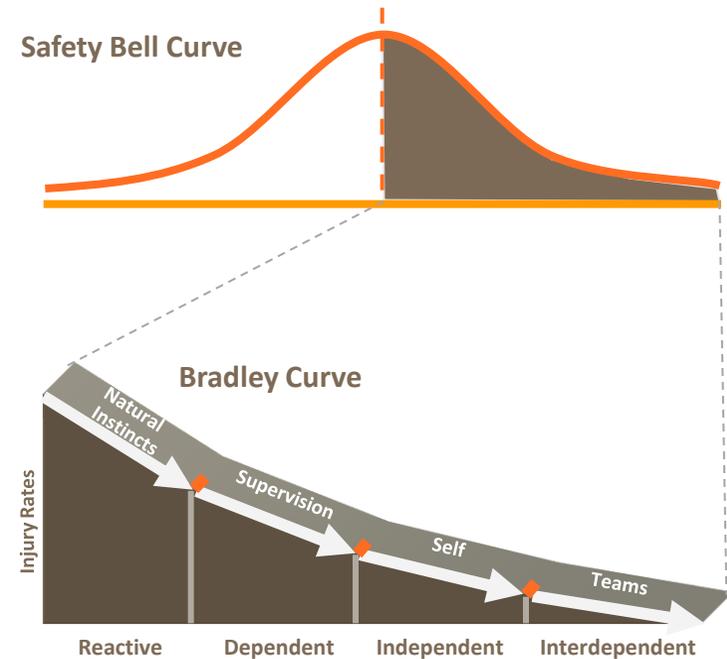
Key activities to continue our safety journey

- Move to more proactive framework via:
- Leveraging lessons from near misses & hazards to prevent incidents from occurring
 - Capturing & reporting on casualty cost

- Simplification via:
- Rationalisation, simplification and standardisation of our safety management systems (5 to 1) & rail accreditations (17 to 1)
 - Removes inconsistent behaviour
 - Simplifies compliance regime
 - Aligns to new National Rail Safety Regulator & Harmonisation of WH&S laws

- Systems and Processes
- Developing an integrated systematic approach and systems to manage safety
 - Strengthen internal capability (move away from external reliance)

...moving closer to **ZEROHARM**



Positive safety performance driven by compliance rather than culture



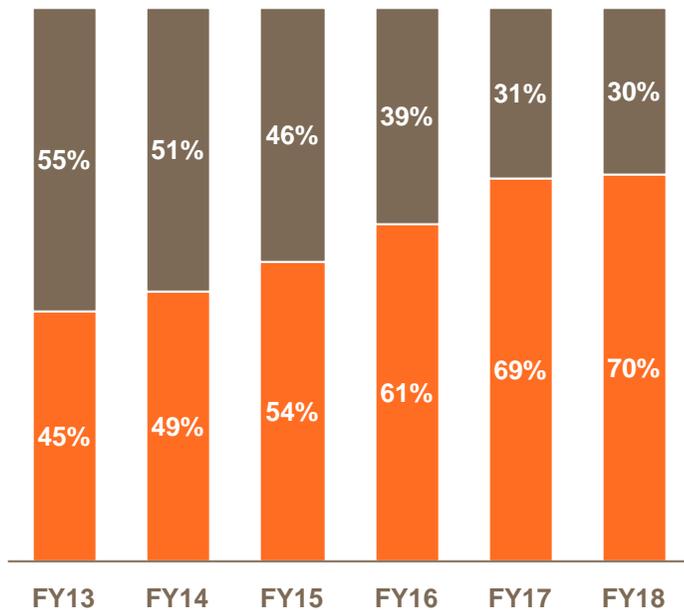
Everyone accepts safety as their responsibility
Safety systems in place

Revenue Quality: Aurizon has secured coal haulage contracts of circa 120Mtpa in FY13

Customer	Tonnes (p.a.)	Date Announced	Contract Duration	Description
Ensham	Up to 5.5 mtpa	March 2013	11 years 9 months to 31 December 2024	Renewal of contract for the transport of coal from Ensham mine.
Xstrata	9.4 mtpa (renewal) 5.2 mtpa (expansion)	March 2013	10+ years - Earliest of Dec 2014 or WICET commencement	Renewal and expansion of tonnes from Rolleston mine.
BMA/BMC	Up to 65 mtpa	March 2013	12 years July 2016 (Goonyella) July 2015 (Blackwater)	Renewed 100% of tendered tonnes in Blackwater and Goonyella systems.
Whitehaven	Up to 16 mtpa	Dec 2012	12 years from July 2014 (approx)	New contract to expand Aurizon's footprint in NSW and Gunnedah basin.
Rio Tinto	Up to 12 mtpa	Dec 2012	10 years July 2013 to June 2023	Renewal of Clermont to Dalrymple Bay Coal Terminal contract.
Cockatoo Coal	Up to 3.5 mtpa	July 2012	10 years from WICET commencement	New long-term haulage contract for the transport of coal from Baralaba and Wonbindi mines to the Wiggins Island Coal Export Terminal (WICET).
Jellinbah Group	Up to 4 mtpa	July 2012	10 years from July 2012 to June 2022	New long-term haulage contract for the transport of coal from Lake Vermont mine.

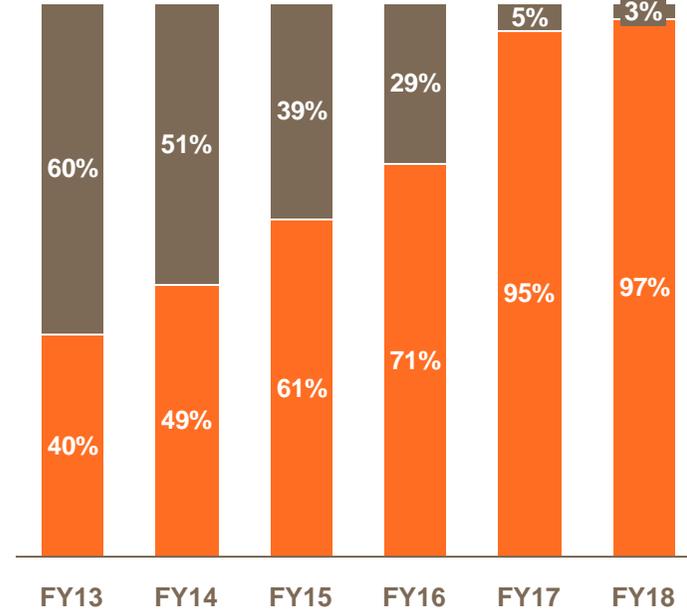
Revenue quality: Revenue protection and commercial returns enhanced through “New Form” contracts

Coal above rail revenue breakdown



Forecasted Variable Coal Revenue²
 Forecasted Fixed Coal Revenue³

“Old” Form vs. “New” Form coal volumes¹



Old Form (Legacy)
 New Form



1. Old Form/New Form coal volumes are based on forecasted contracted volumes
2. Variable Coal revenue = Above Rail Variable Usage Charges/tonne including performance bonuses, incentives and fuel charges
3. Fixed coal revenue = includes capacity charges and other revenue (i.e. deficit tonnage charges)
4. Railed volume is actual throughput and may be more or less than contracted volumes (primarily less)

“Transformation” and “Capital Efficiencies”

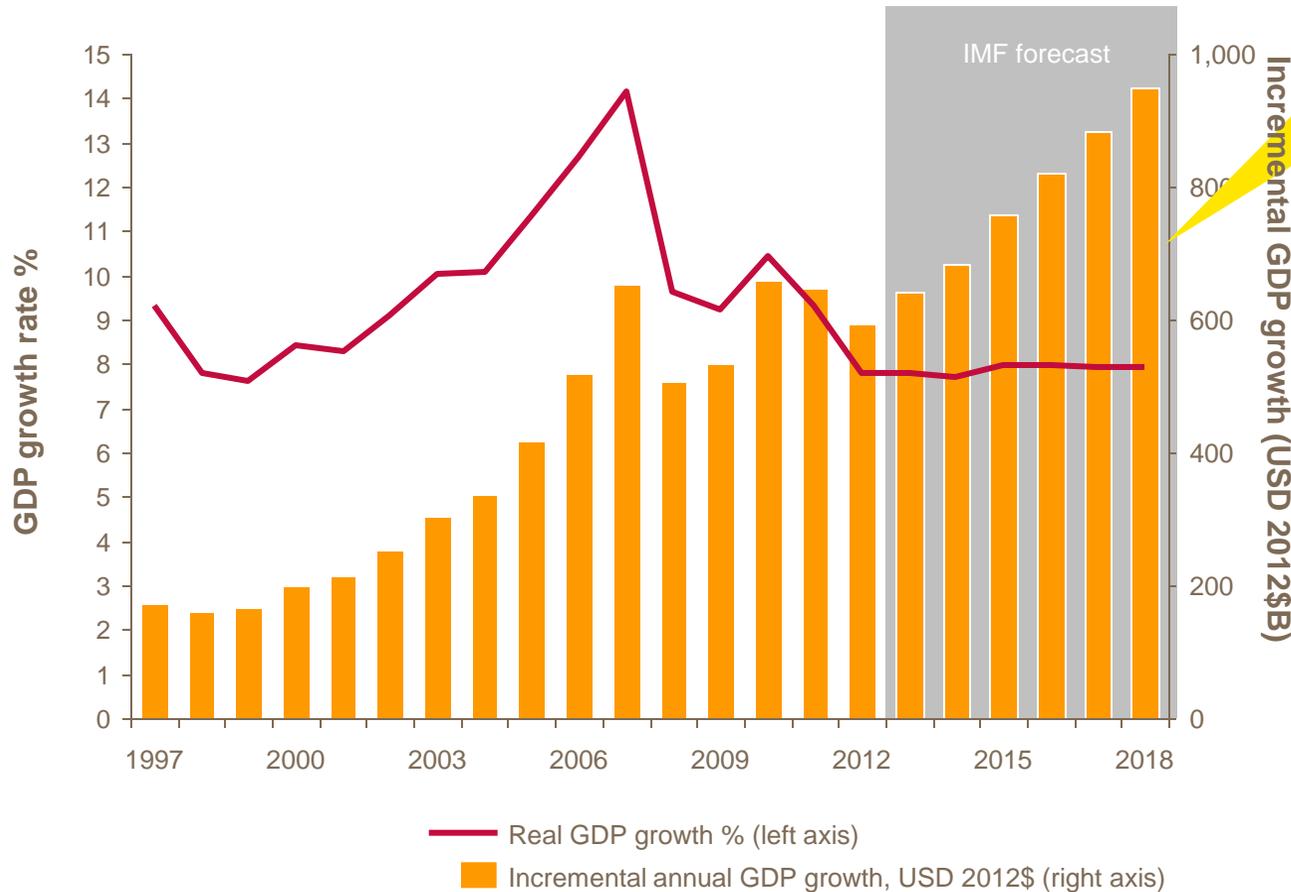
- Focus of today’s briefing:
 - The “Drive to 75” by FY15 is all about improving the way we do business to achieve sustainable positive outcomes for our customers and shareholders
 - It is also a “sign-post” on our way to achieving Class 1 Operating Ratio levels thereafter
 - Aggregate target cost improvement in FY14 & FY15 is expected to exceed \$230m, which is over and above revenue quality improvements, growth and other initiatives
 - Significant cultural change has already been embedded within the organisation

Cultural change driving operational success and shareholder return

- Functional structure implementation almost complete, providing solid foundation for delivering customer service excellence and disciplined operations
- Strong Leadership team in place and responsible for accelerating the momentum of change, both top-down and bottom-up
- Cost efficiencies and productivity gains achieved through greater integration and collaboration across the Enterprise
- Strong alignment between Executive performance and shareholder value through the long and short term remuneration programs

Robust macroeconomic outlook

China – GDP growth rate and incremental GDP growth
Historical and IMF forecasts



Such is the scale of China's economy now, growth of 7-8% will be creating as much or more new activity each year than when growth was running at double-digit pace

Other Matters

- FY13 update:
 - Total coal tonnes hauled in FY13 193.7 Mt (within guidance of 192–195Mt)
 - Will release FY13 results on Monday 19th August
- Structural changes
 - Iron Ore and Intermodal transitioned to Commercial & Marketing and Operations from 1 July 2013 (previously incubated in Business Development)

Enterprise Strategy

Alex Kummant – EVP Strategy

The three value creation pillars for Aurizon

PRIMARY ENTERPRISE FOCUS

Value creation pillars	1	2	3
	 <p>Become <u>World Class</u></p>	 <p>Operate, develop and integrate <u>bulk</u> supply chains</p>	 <p>Maximise Value in the <u>freight and logistics</u> space</p>
Description	Become a lean, World Class operator by building on lessons from Class 1's	Expand our presence and role in new and existing bulk supply chains	Integrate intermodal freight business into corporate portfolio to leverage scale and efficiencies
Growth options	<ul style="list-style-type: none"> Co-ordinate our connected network Develop a competitive cost base Run disciplined operations Engage deeply with customers <ul style="list-style-type: none"> Expert manager of regulators, governments and partners Develop strength in technology Pursue safety and performance-driven culture 	<ul style="list-style-type: none"> Operate: Extend into rail systems currently owned/operated by others <ul style="list-style-type: none"> Gain share in single-user systems owned/operated by miners Pursue privatisation and concession opportunities Develop: Connect new basins with ports or end users by developing greenfield rail systems Integrate: Expand along the value chain, primarily into ports, to optimise supply chain operations 	<ul style="list-style-type: none"> Increase share in rail linehaul Grow rail linehaul market Consider vertically integrating Consider value-creating divestment

Over 80% of resources focussed on World Class



1

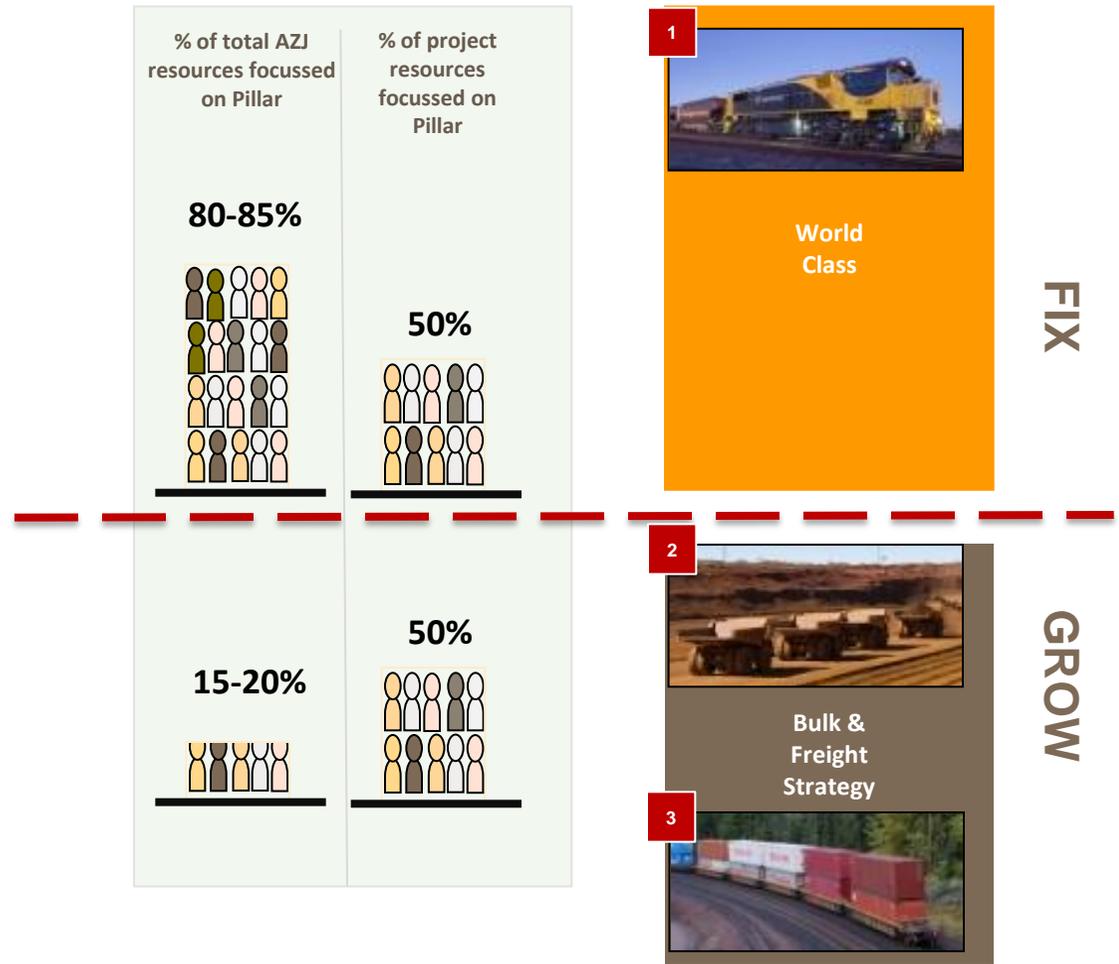
Become World Class

Value creation pillars

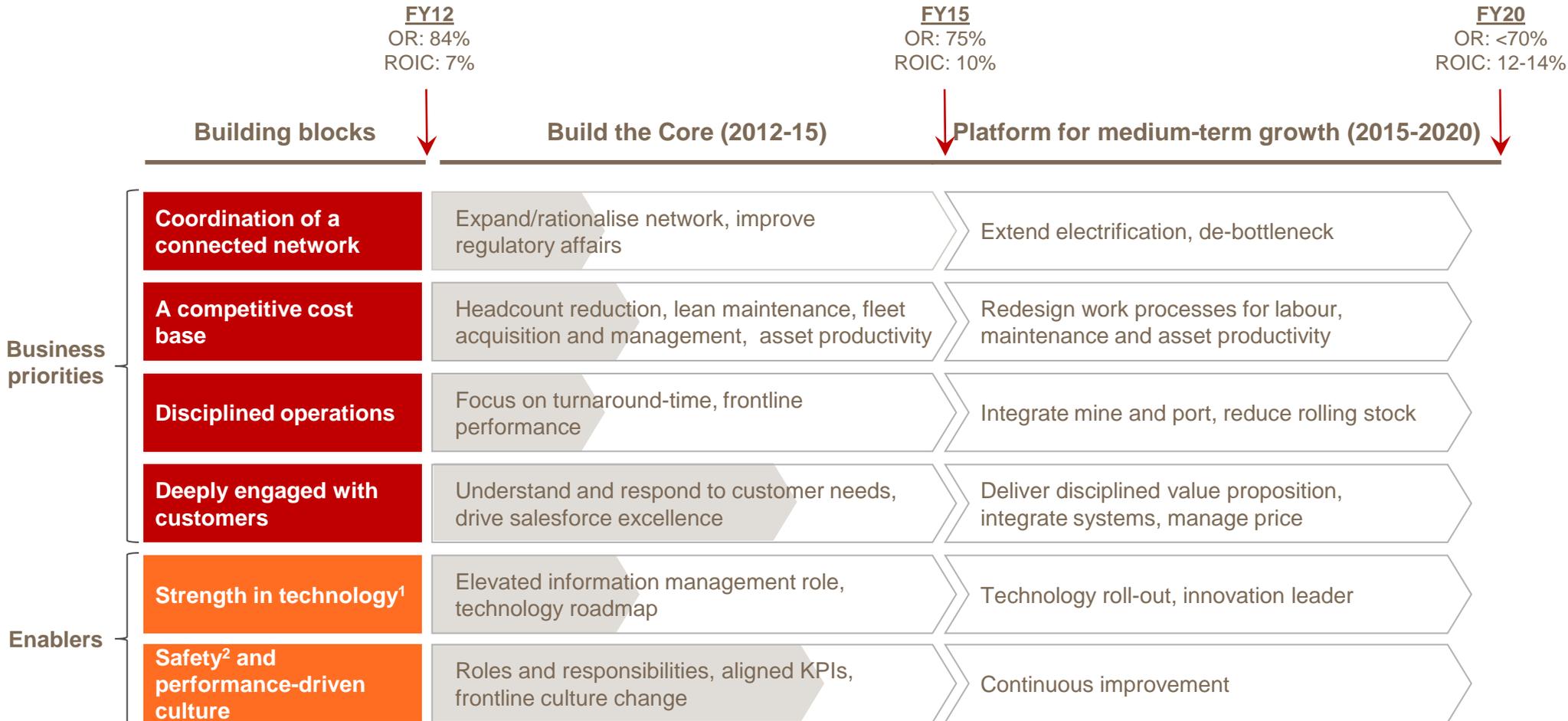
Description Become a lean, World Class operator by building on lessons from Class 1's

Growth options

- Co-ordinate our connected network
- Develop a competitive cost base
- Run disciplined operations
- Engage deeply with customers
 - Expert manager of regulators, governments and partners
- Develop strength in technology
- Pursue safety and performance-driven culture



Six building blocks to drive World Class transformation



Indicative progress towards FY15 goals

Notes:

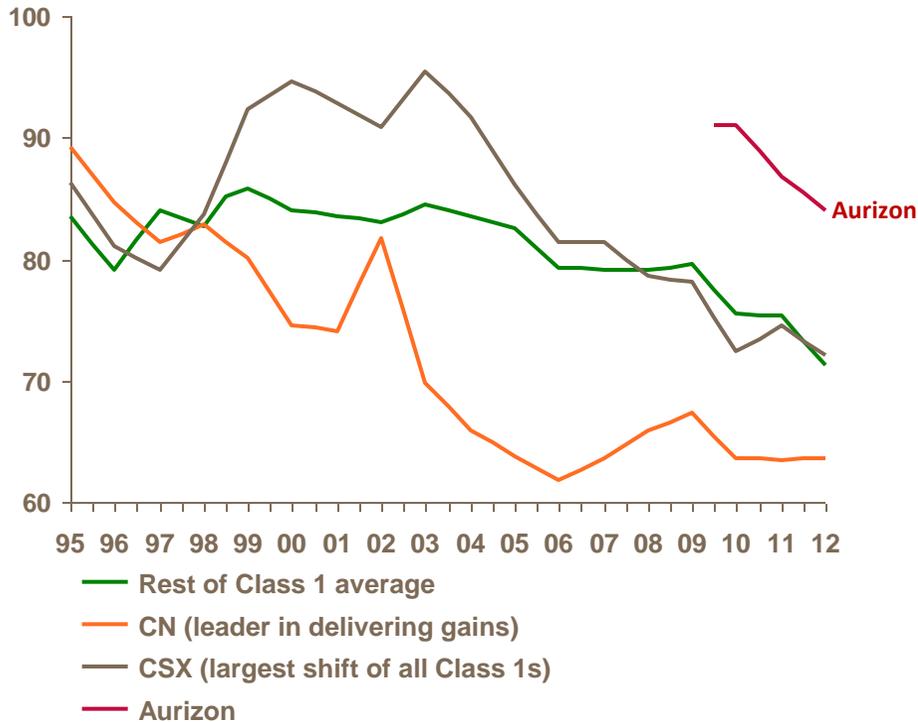
1. Significant technology program underway with some elements to provide world class capabilities in short term.
2. Safety culture and performance well advanced

Class 1's have shown operating ratios <65% and ROICs >12% are achievable

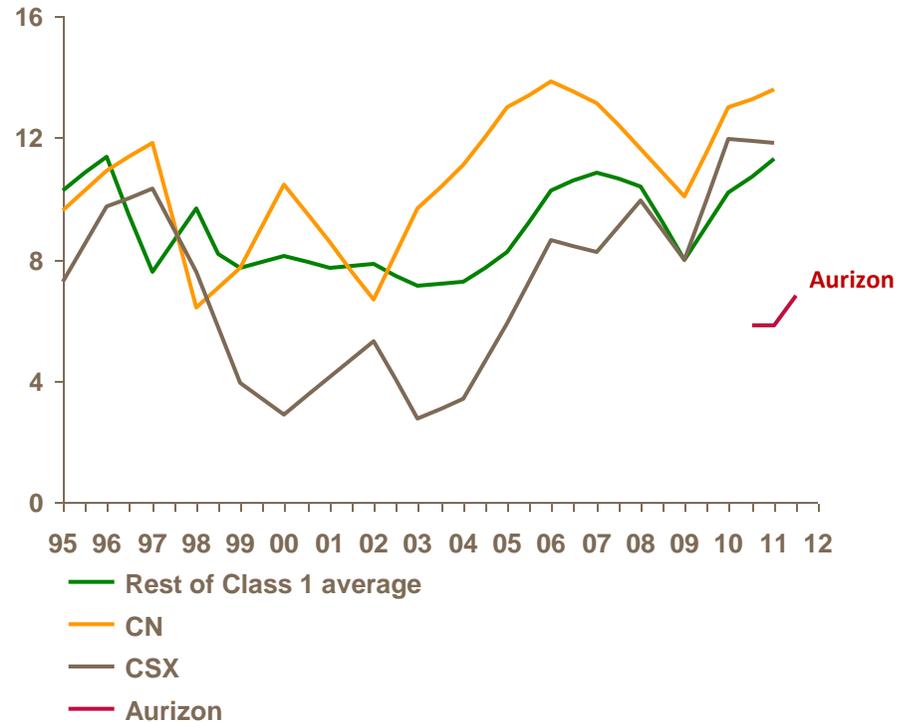
Operating ratios below 70% are achievable for Aurizon, but it is a long term journey (often 10+ years)

All Class 1's have steadily improved returns on capital since 2004, moving towards 12% ROIC

Operating ratio (%)



ROIC (%)²



1. Aurizon dates adjusted to match Class 1 reporting cycles, i.e.: Class 1 H1 ends June 30, and QRN FY12 ends June 30, so Aurizon H1 2013 figure is end of 2012. H1 2013 results based on Q2 reported financial results.
2. ROIC - Return on Invested Capital
3. Rest of Class 1's consists of BNSF, UP, NS, KCS; in 1995-96 figures do not include figures from SF pre-merger with BN to form BNSF.

Source: Analysis of Class 1 Railroads (Association of American Railroads (AAR))

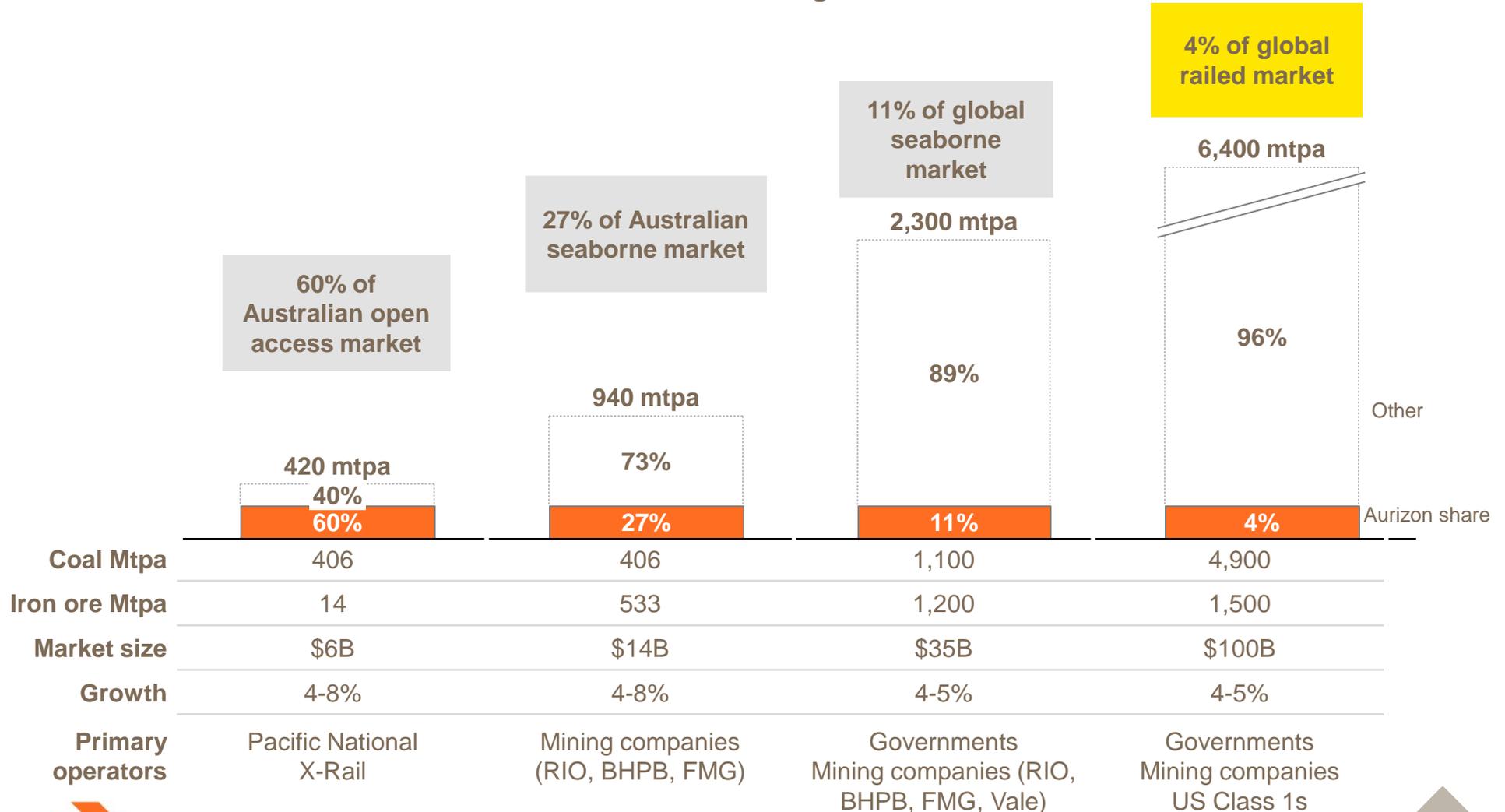


Best practice examples inform what 'World Class' looks like for each of these building blocks

	World class description	Best practice	Example	Impact
1	Control over a connected network	Establish strong position in a rail network with links to major economic centres	 Deliberate acquisitions to position for NAFTA volumes <ul style="list-style-type: none"> Built N-S and E-W corridors including partnering with Mexican operators in optimal location 	106% YoY growth in intermodal volumes for Q2 2012
2	A lean cost base	Low corporate overhead Low operational FTEs High rolling stock utilisation to decrease # assets	 Test-and-repeat efficiency initiatives across organisation <ul style="list-style-type: none"> First-mover in predictive maintenance, standardised assets, delay reduction targets, Six Sigma lean 	20% reduction in avg cost from 1995 – 2004
3	Disciplined railroad operations	Run reliably to an optimised schedule at high network velocity (low cycle time)	 Disciplined railroading focus for all organisation <ul style="list-style-type: none"> All operations synchronised to train schedule KPIs extend to customers, ports and other railroads 	Lowest C1 operating ratio <ul style="list-style-type: none"> 63% in 2003 60.6% for 2012 Q3
4	Deeply engaged with customers	Build deep knowledge of customers and provide value added services	 Partnerships and customer interfaces to simplify supply chain <ul style="list-style-type: none"> RailChem Connect, National Gateway PPP intermodal terminal 	52% increase in avg revenue / NTK since 2004 is highest increase for C1s
5	Best-in-class technology management	Highly capable technology function supporting disciplined operations and customer engagement	 <ul style="list-style-type: none"> Elevated CIO to report to CEO instead of CFO Prioritise problem solving time (e.g. completely prevented wheel cracking on coal trains, then focussed on axle) 	Highly automated operations and increased role in supply chain
6	Performance driven culture	All people in the organisation aligned to clear performance targets with accountability and consequences	 Whole of organisation aligned to company goals <ul style="list-style-type: none"> Employee scorecards tied to remuneration Avg of 30 hours training per year 	Consistently highest network velocity of C1 railroads

Opportunities in Bulk Freight

Aurizon coal and iron ore rail haulage market share as at Q2 2013



Open access railway systems; assuming average haulage tariff of \$15/tonne Note: Currently contestable market excludes Pilbara majors, non-WA iron ore, and iron ore moved by slurry

Source: IEA; NMA; worldcoal; Marston; Reuters; Mitsui; UNCTAD; CITL; Aurizon analysis as at October 2012 - based on contracted volumes

Primary and secondary bulk market capabilities

Category	Examples	Typical haulage characteristics	Current Aurizon Capability
Primary Bulk	Coal & Iron Ore	<ul style="list-style-type: none"> • Intermodal Requirements – None • Supply chain – Likely that corridor is dedicated to single commodity, rolling stock can be reallocated easily • Stockpiling - High volume low value product, stockpiling is common at pit and port • Rolling stock – Majority open wagons (some exceptions for coal) 	High
Secondary Bulk	Minerals/ Metals	<ul style="list-style-type: none"> • Copper & other base metals • Potash • Phosphate <ul style="list-style-type: none"> • Intermodal Requirements – Minimal, mostly pit to port • Supply chain – Likely that corridor is shared among multiple commodities (e.g. Mt Isa line) • Stockpiling - High value low volume product, stockpiling is not common • Rolling stock – Specific wagon requirements, often different types of rolling stock on the one consist 	Improving
	Food	<ul style="list-style-type: none"> • Wheat • Corn • Livestock <ul style="list-style-type: none"> ▪ Intermodal Requirements – Moderate, specialist capabilities required with perishable goods and livestock ▪ Supply chain – Highly complex, often dispersed much smaller supply chains ▪ Stockpiling – Stockpiling uncommon with perishable products ▪ Rolling stock - Often specialised (refrigerated, live transport etc.) not readily interchangeable 	Improving
	Energy	<ul style="list-style-type: none"> • Hydrocarbon • Frac sand, fluid and supplies <ul style="list-style-type: none"> ▪ Intermodal Requirements – Moderate, specialist capabilities often required for loading and unloading ▪ Supply chain – Often different inbound (sand, drilling fluids) and outbound requirements (hydrocarbon) ▪ Stockpiling - High value low volume product, stockpiling is uncommon but specialist storage required ▪ Rolling stock – Specialised wagons required for hydrocarbons, different rolling stock for inbound supplies 	Developing
	Industrials	<ul style="list-style-type: none"> • Chemicals • Fertilizer <ul style="list-style-type: none"> ▪ Intermodal Requirements – High, specialist capabilities often required ▪ Supply chain – Dispersed likely that corridor is dedicated to multiple products ▪ Stockpiling - High value low volume product, often hazardous chemicals stockpiling is uncommon ▪ Rolling stock - Specialised wagons sometimes required 	Developing

Current Focus

Retaining and integrating Intermodal to maximise inherent opportunities and value

Moving forward - strategic options

Maximise Queensland Business

- Maximise freight and logistics supply chain in Queensland to drive greater co-ordination and efficiency
- Reform Queensland business to reduce costs

Non core asset sales

- Divest non-core assets

Integrate Intermodal

- Fully integrate intermodal operation into functional model to leverage scale
- Specifically integrate service delivery & terminal operations in Queensland

Secure additional scale

- Continue momentum in securing new contracts to build scale
- Explore code shares / JVs during soft market conditions

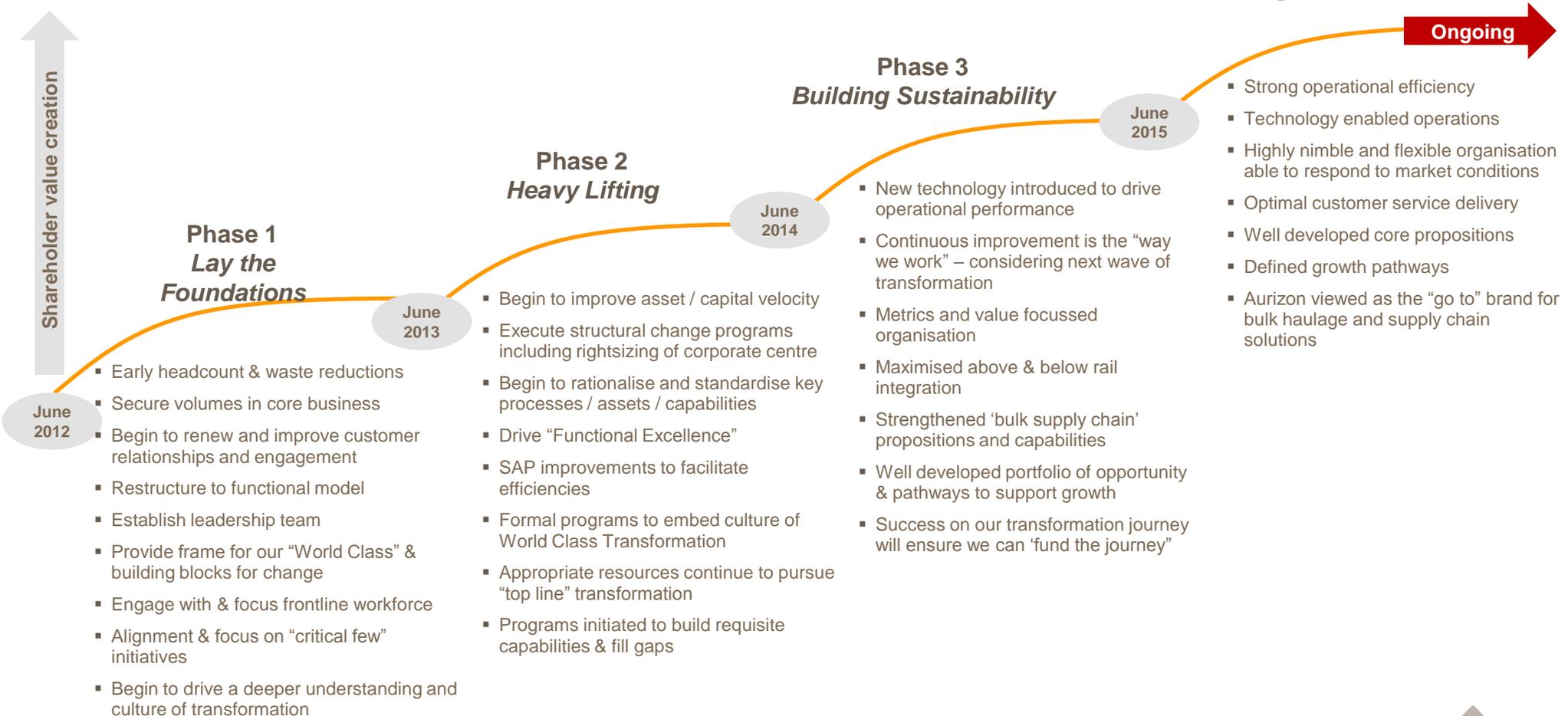
World Class Transformation: The Drive to a 75% Operating Ratio

Greg Robinson – EVP Business Sustainability
(Head of the “Drive to 75” Transformation Program)

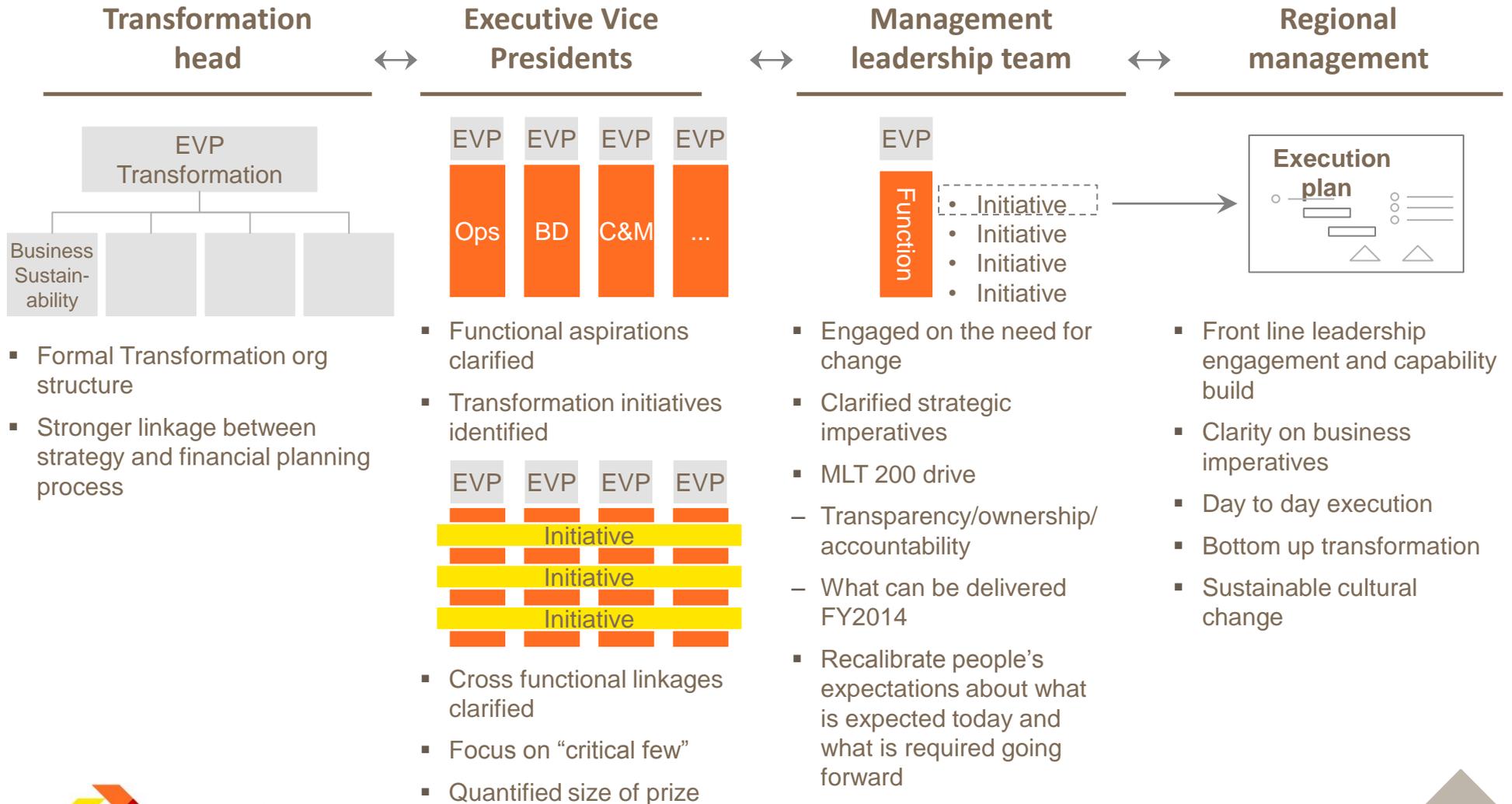
Building our platform for sustainable earnings growth

Build the Core

Platform for medium-term growth

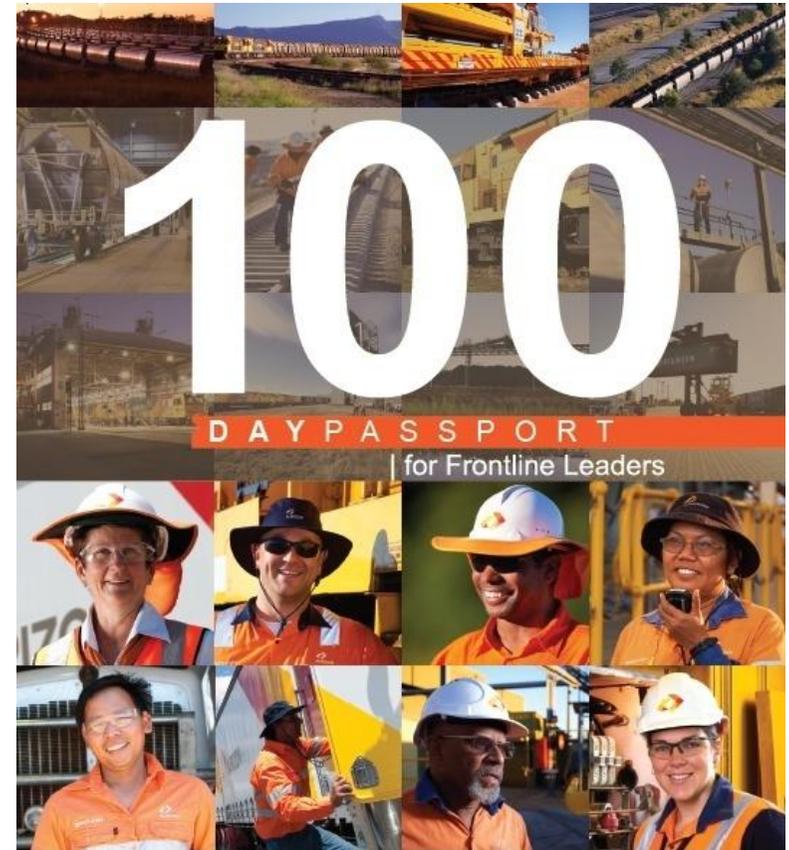


A cross-functional, multi-layered approach will drive transformation



Frontline Leadership Development

- Last October a cross-functional team of Frontline Leaders collaborated to define “What do our Frontline Leaders need to succeed in Aurizon?”
- Over 3 days the team created a number of initiatives to assist their teams and peers in becoming world class
- One of the lead initiatives, that the team created is the 100 day passport, which has now progressed to Enterprise trial
- The 100 day passport is designed as both an engagement and performance guide, to set new leaders up for immediate success, in their first 100 days of employment



5k Your Way Success – Fuel saving

- Service Delivery Coal South are making real progress in their efforts to help Aurizon achieve an Operating Ratio of 75% or less by 2015
- In December an idea was put forward by Supervisor Dan Davie “If you set half the locomotives in idle when running empty, this could potentially save upwards of about \$5,000 per day on diesel”. It goes to show that local day-to-day improvements can make a difference
- The project is going well, it is being managed cross-functionally and in April we commenced using the trains in this manner on the Moura system

DRIVE *TO* **75**

5K *your way*

team challenge

5k Your Way Success

– Rollingstock Maintenance

5K *your way* | team challenge

Rollingstock Maintenance
Redbank

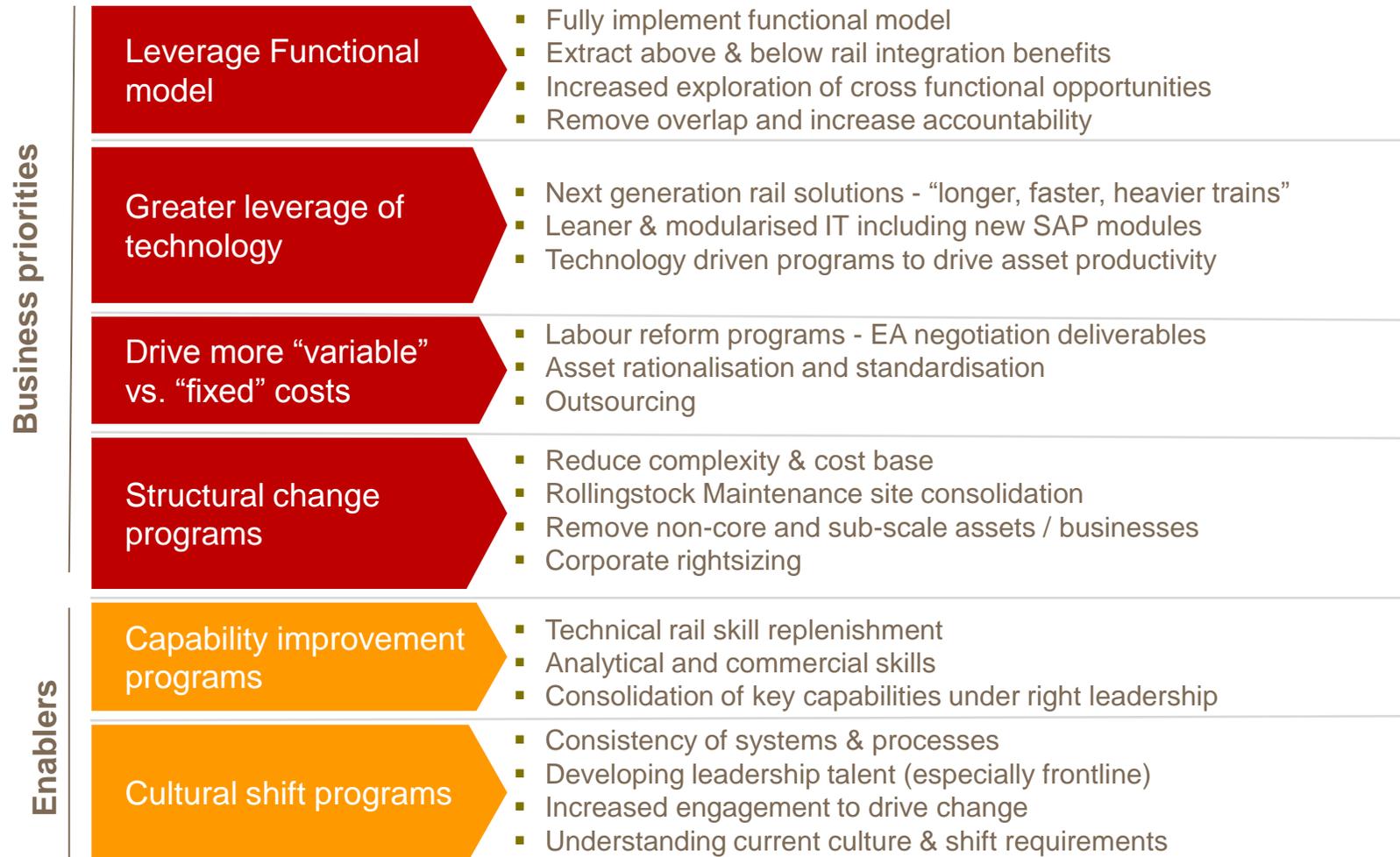
2800 Class Suspension Tube Refurbishment

- At Redbank, the 2800 Class suspension tubes have always been sent out to external contractors to machine. Through the engagement of team members through the Drive to 75 team challenge, questions were asked to better understand why this was the standard practice
- The team members knew that EMU suspension tubes were handled internally in the Machine Shop, so why couldn't the same be done with the 2800 Class suspension tubes?
- Through a discovery process, it was found that there was no reason that the suspension tubes could not be machined internally. The cost to do the tubes externally was \$8232 per tube. The cost to do them internally ~\$1300 per tube
- In total, this initiative has the potential to save \$83,184 a year



Refurbished 2800 Class
suspension tube

Emerging transformation themes



Drive to 75:

Centralised Support Costs

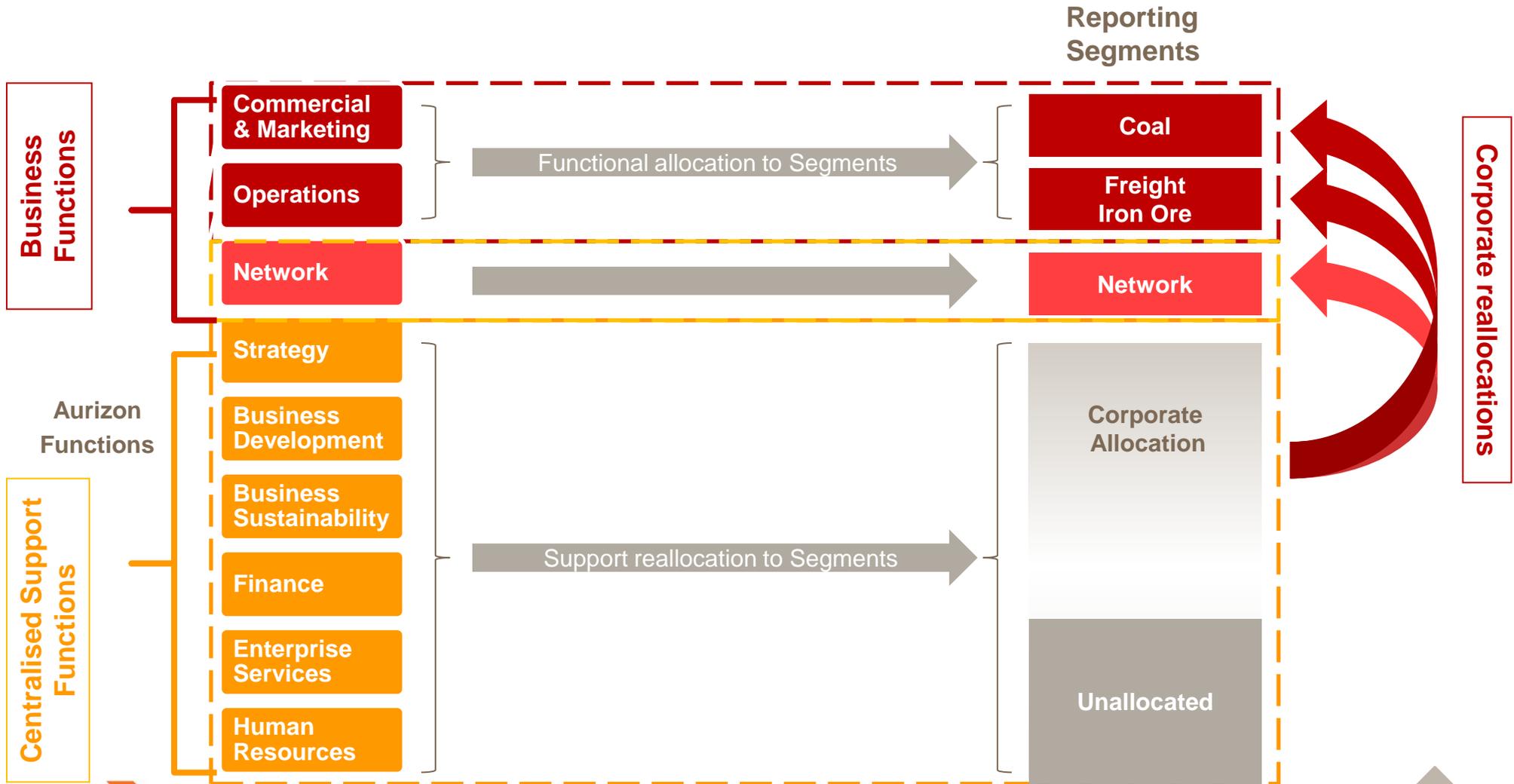
Keith Neate – EVP & CFO

Centralised Support Functions

Centralised Support Functions



Aurizon structure – cost allocations



Centralised Support Costs – 1H FY13

Support function costs \$m	Head count	Labour	IT ¹	Real Estate ²	Dep'n	Other ³	1H FY13	Allocation to function
Finance		18	-	-	1	5	24	Network
Human Resources		24	-	-	-	7	31	Coal
Enterprise Services		21	23		4	1	49	Freight
Business Sustainability		7	-	38	8	(5)	48	\$109m
Strategy		6	-	-	-	7	13	Corporate Unallocated ⁴
Business development		3	-	-	-	3	6	\$62m
TOTAL	825	79	23	38	13	18	\$171m	\$171m



1. IT costs include outsourcing support, data centre, applications licence support & maintenance and Telecoms backbone
2. Real estate costs include all group property leases, land tax and facilities management costs
3. Other cost element includes Profit on Asset Sales (Business Sustainability) and consumables
4. Includes \$3m profit from external Rollingstock services

Target \$100m reduction in Support Costs by FY15

Expense Category	Targeted Saving Range	Initiatives/Opportunities	Strategy	Business Development	Business Sustainability	Enterprise Services	Finance	Human Resources
Labour	\$40-60m	<ul style="list-style-type: none"> • Redundancy programs • Natural attrition • Simplifying management layers – organisational restructure • Reduced contractor spend • Outsourcing opportunities 	✓	✓	✓	✓	✓	✓
Real Estate	\$15-25m	<ul style="list-style-type: none"> • Rationalisation of property portfolio • Sale of surplus assets • Centralisation/outsourcing of facilities management services • Renegotiation of leases & facility costs 	x	x	✓	✓	x	x
Information Technology	\$10-15m	<ul style="list-style-type: none"> • Rationalisation of systems and business process • Upgrade and enhancement of reporting capability • Further outsourcing opportunities • Investment in technology to drive efficiencies 	x	x	x	✓	✓	x
Corporate Services	\$10-15m	<ul style="list-style-type: none"> • Aurizon group contract executed • Leverage technology to reduce travel • Leverage buying power through pursuit of Aurizon group contracts: <ul style="list-style-type: none"> – Recruitment and labour hire – Motor Vehicle Fleet – Consumables • Reduced external consultant spend • Rationalisation of credit cards, vehicle fleet etc. 	✓	✓	✓	✓	✓	✓

Transformation: Enterprise Agreements Update

John Stephens – EVP Human Resources

Our Enterprise People Strategy

We are focussing on delivering the strategic priorities that support our transformation efforts and will drive culture change

The foundations

Our Strategic People Goals

Our Strategic Priorities

Capable and engaged people

Accountable, results-driven and supportive leaders

Simple, integrated systems and processes

Lean, agile and adaptable structure

Defined and embedded values

1. We have a diverse, capable and engaged workforce, passionate about delivering World Class service to our customers
2. We have capable leaders working within clearly defined roles and standards and displaying core leader behaviours to drive a safety and performance-driven culture where individual, team and organisational objectives are achieved
3. We are a values-based workplace with the right structure, systems and processes to support a safety and performance-driven culture

Improving Gender Diversity

Building Leadership Capability

Embedding Effective People Practices

ER Reform (EA renegotiations)

Focus is on delivering both tactical and longer-term initiatives across all priority areas

EA renegotiation is a key enabler of our desired culture and the drive to 75

Key Points

1. 'Enabling' and commercially viable industrial instruments are a key platform to support our desired culture and our target of an Operating Ratio of 75%
2. Between now and the end of 2014, we will be negotiating 18 of our 19 functioning Enterprise Agreements (EAs) which cover approximately 88% of our workforce
3. This gives us a great opportunity to address legacy issues and the overly prescriptive, complex and inconsistent nature of our agreements and move closer to our desired end state
4. The 14 Queensland agreements, last negotiated in 2010, cover approximately 6,000 staff, have over 900 classification points and hundreds of allowances & disability payments
5. A project has been established to manage the negotiation of these agreements with a view to maximising the opportunity of EA renewal and driving real change in Queensland
6. However, we are mindful of the risks associated with this program of work and have developed detailed plans to mitigate the risks

The 14 Queensland based EAs cover ~6,000 staff

Our current environment

- Government owned legacy issues – no forced redundancy, prescription, complexity and a lack of focus on competitiveness in the EAs
- 14 EAs with over 900 classification points and hundreds of allowances and disability payments
- Inability to change some policies without consent of unions
- Unnecessary inconsistency of entitlements across the Company

The bargaining landscape

- First bargain in Queensland after privatisation, restructure and downsizing
- The unions have a crowded bargaining timetable
- Queensland state government are undertaking aggressive reform in QR
- Federal election expected within the bargaining period

Where do we want to be?

- Fair, competitive and commercially sustainable package that supports an Operating Ratio of 75%
- Enhanced labour cost variability
- Improved labour flexibility
- Reduced complexity – fewer EAs, fewer pay classifications, fewer incidental allowances and removal of policies from EA
- Modernisation of clauses reducing demarcation and complexity and increasing leader discretion
- Supporting a safety and performance-driven culture

To achieve these outcomes, we have developed a bargaining strategy that includes:

- Optimistic but realistic offer and approach including multiple pathways to agreement
- Constructive trade bargaining and utilisation of commercially sustainable incentives
- Early, direct engagement with the workforce
- Robust contingency planning

Break

Drive to 75:

Above Rail Operations

Mike Franczak – EVP Operations

Operations will deliver a \$130m+ productivity improvement in support of the “Drive To 75” in FY15

Strategic Themes in the Operations Transformation

- Completing the final steps in the functional reorganisation and building capability
- Leveraging an integrated approach to the business
- Reducing and variabilising the Operations cost base
- An intense focus on assets will unlock significant value – fleet plans are being reworked to reflect the new opportunities now being identified

Operations snap shot

Above rail activities – Australia wide

Yard and mainline train operations

Rollingstock maintenance

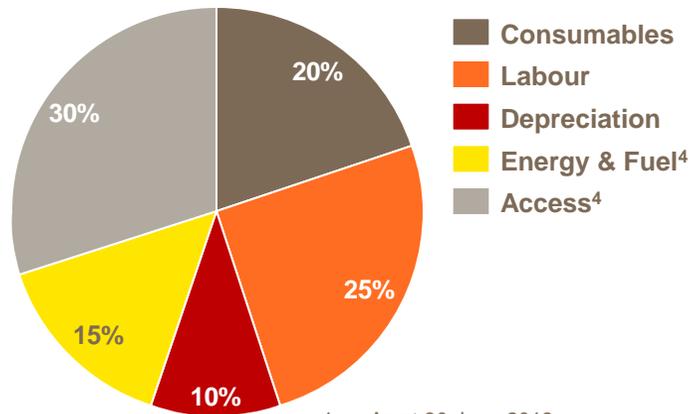
Infrastructure renewal programs

Engineering, Program Management, Health & Safety, National Operations and Customer Service

Operations quick facts

Headcount ¹	5,500
Net Tonne KM (m) ²	67,000
Locomotives ¹	826
Wagons ¹	18,546
Fuel (m Litres) ¹	285
Fleet asset base ¹	\$3.5b
Facilities and yards asset base ¹	\$1.0b
Operations Budget ^{2,3}	\$3.0b

Indicative Operations cost split^{3,4}:

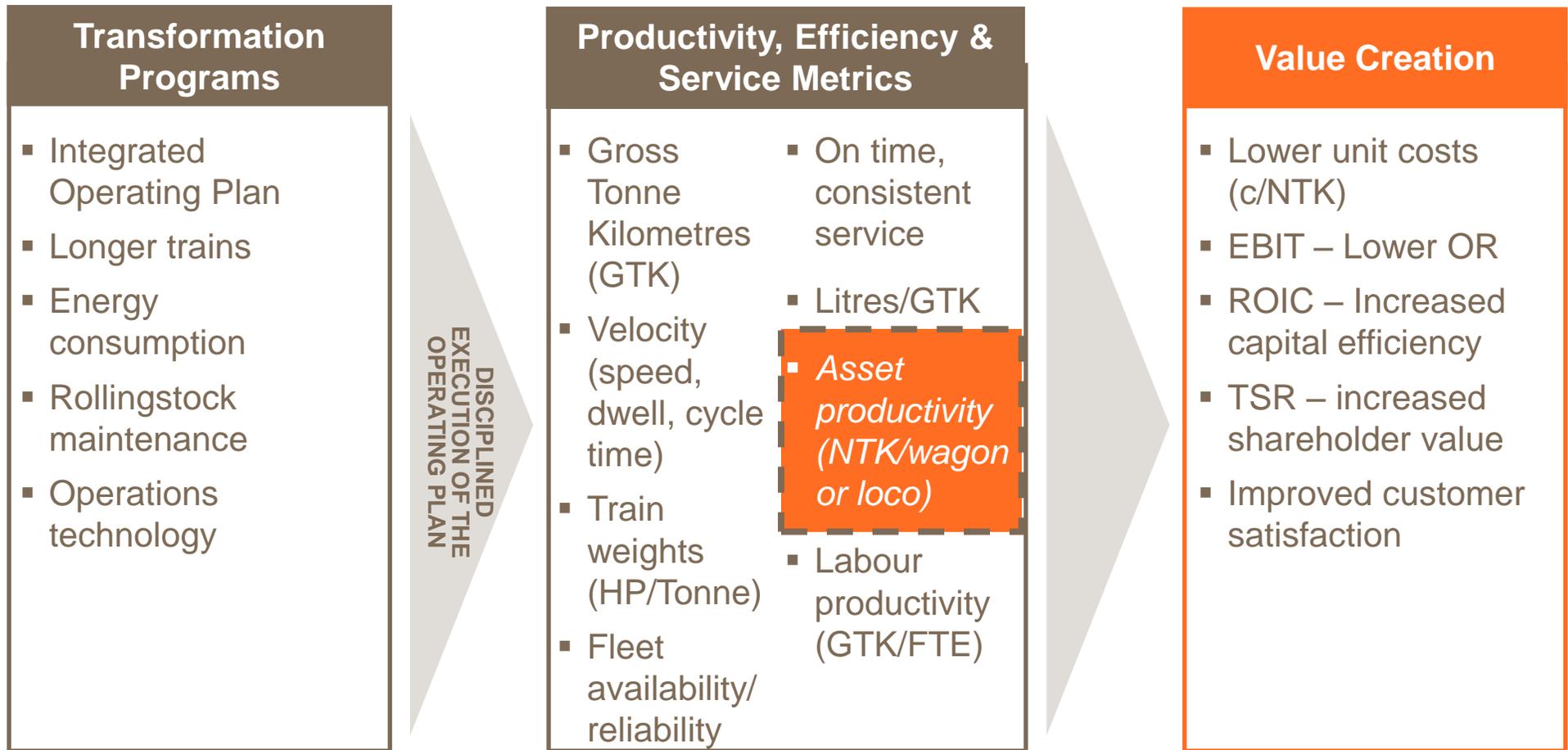


1. As at 30 June 2013
2. For period ending 1H FY13 (annualised)
3. Coal, Bulk, Iron Ore and Intermodal linehaul operations cost base excluding recoveries through external revenues or internal recharges
4. Access and Energy costs are largely pass through

Building a culture of performance – getting the balance right

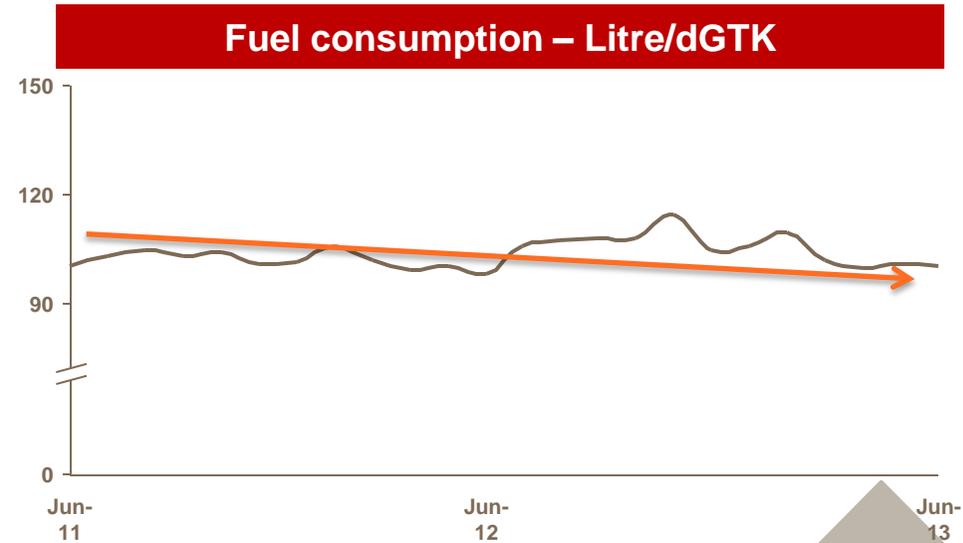
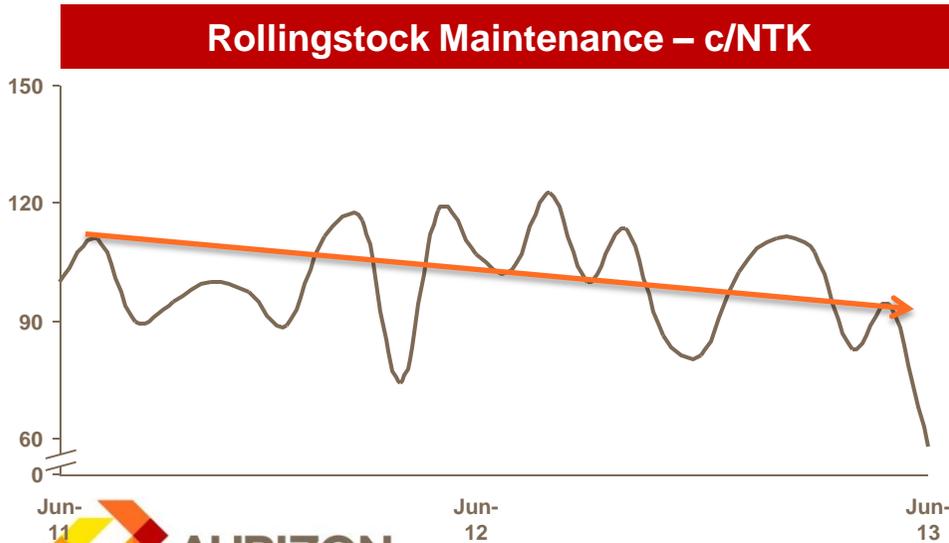
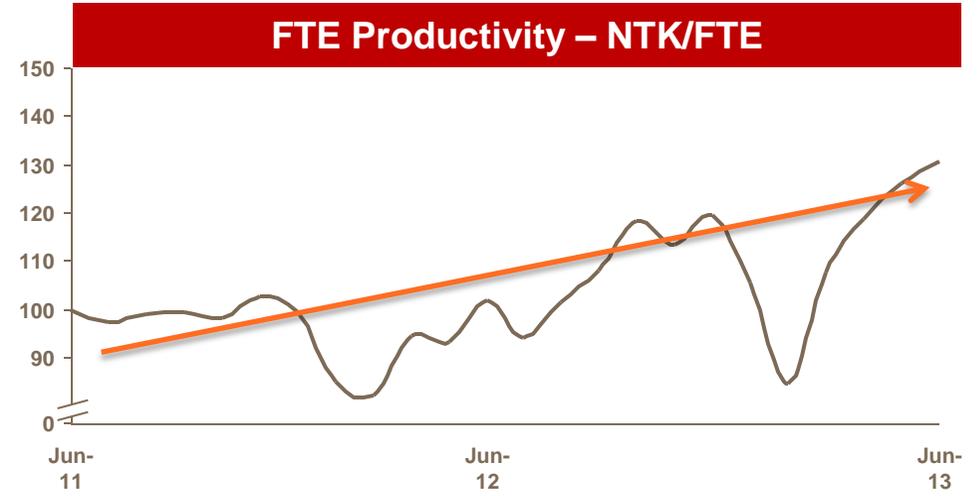
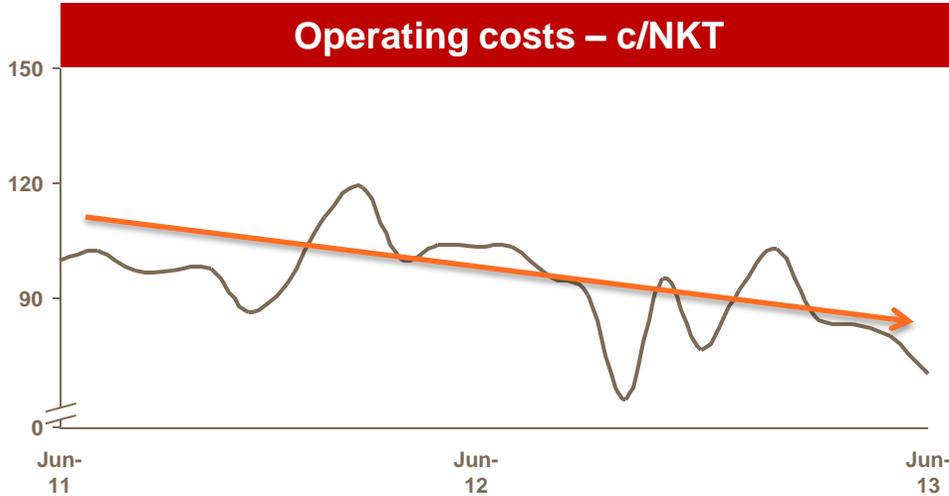


Leveraging the Operations value chain



Safe, disciplined execution of our transformation programs and operating plan – with a heavy focus on asset productivity - will deliver our financial & operational targets

Progress thus far has been positive but still room for improvement



Operating metrics indexed from 1 July 2012, representing net Coal and Bulk operating costs

Train consist design

Improving train lengths and densities drives numerous benefits

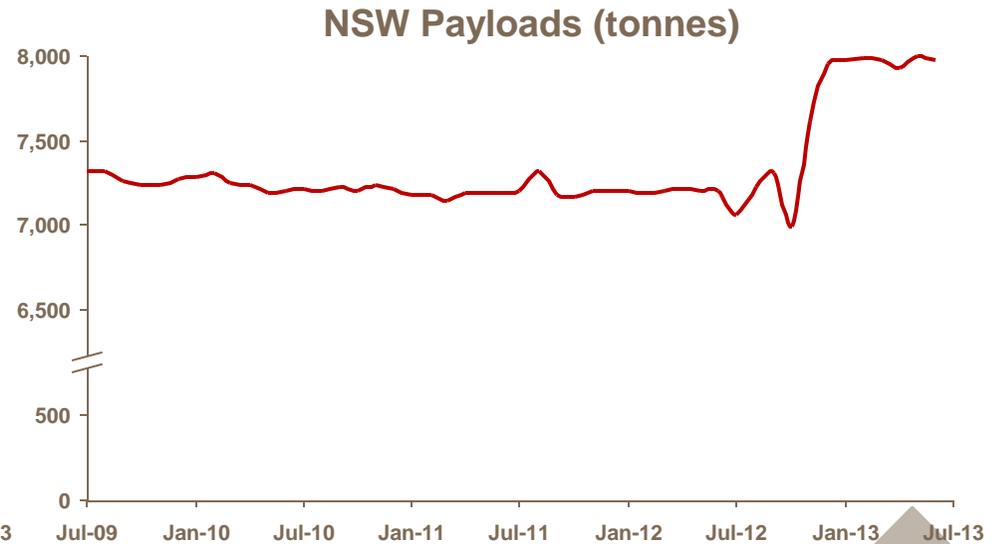
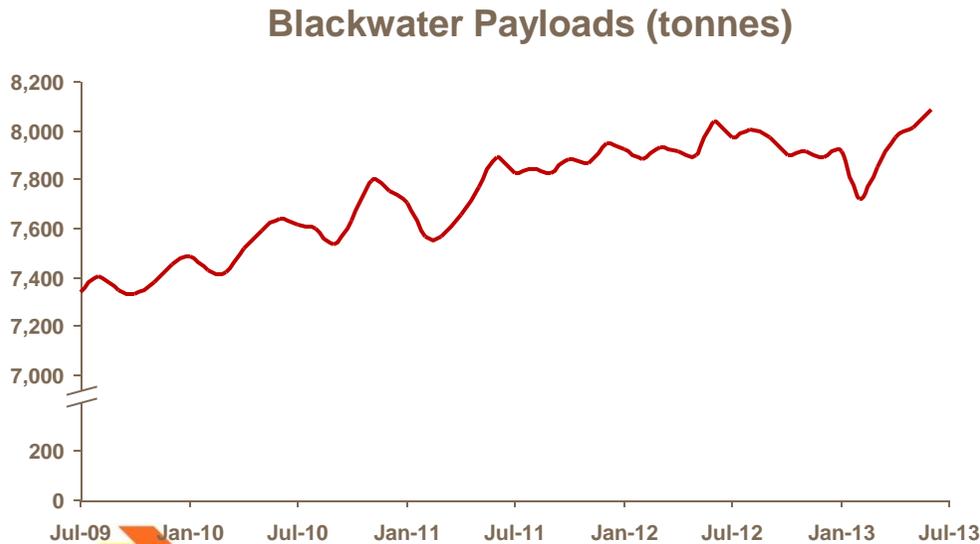
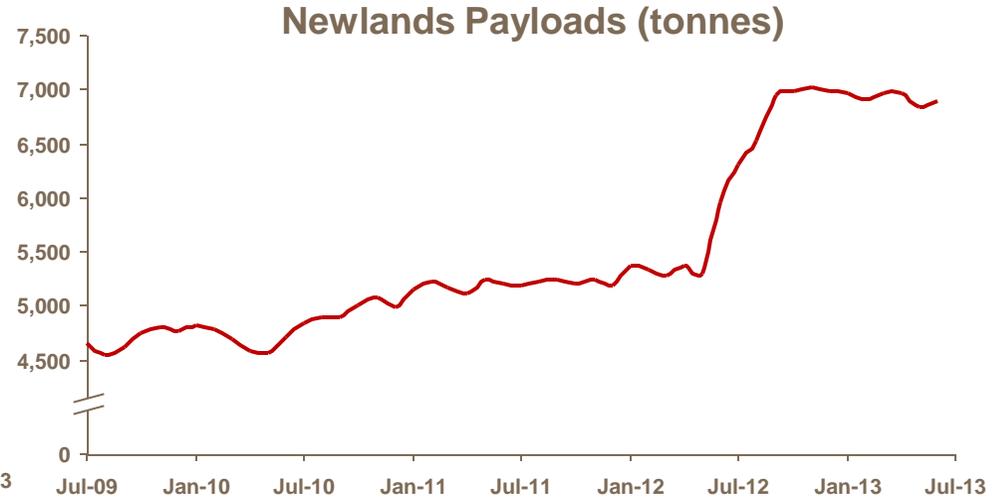
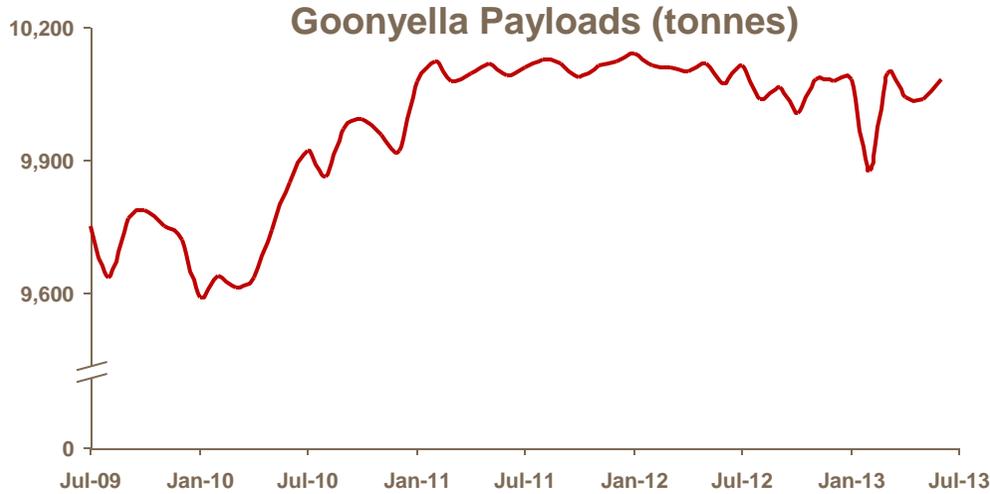
- Fewer train starts – reduced labour costs and improved capacity
- Improved asset productivity – use of distributed power enables better Horse Power (HP)/Tonne ratios and fleet productivity
- Reduced track/train forces – less equipment and track wear and tear
- Better energy consumption due to reduced friction and tighter HP/Tonne
- Improved train handling; faster, safer



Train Consist Improvements - Coal

Newlands	68	➔	82 wagons	+ 20%	EXECUTED
Hunter Valley	74	➔	82 wagons	+ 10%	EXECUTED
Blackwater	92	➔	100 wagons	+ 9%	85% EXECUTED
Goonyella	120	➔	124 wagons	+ 3%	UNDERWAY

Progress in average train payload capacity has been positive but there is opportunity for improvement



Integrated Operating Plan

Review the operating plan across all lines of business to drive improved service and costs

- Reduced operating variability by design – a simpler plan, scheduled, with better compliance
- Improved asset productivity-tightening schedule and cycle time
- Improved train sizes
- Reduction in locomotives, wagons and labour
- Rationalisation of yard/terminal footprint
- Reduced network access fees
- Improved service

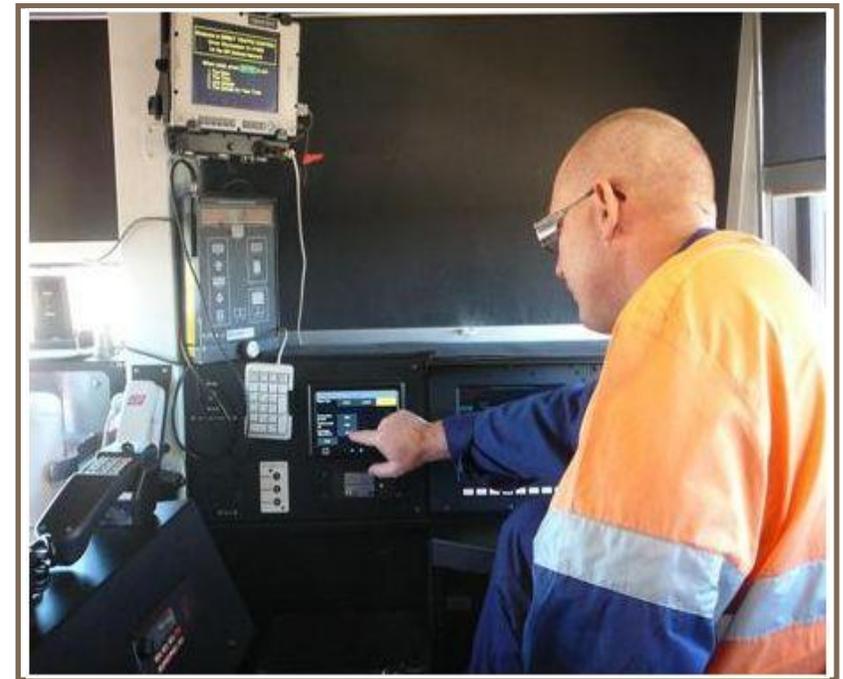
**Work already underway in QLD;
WA next**



Energy consumption

We are targeting a 2 - 4% p.a reduction in energy consumption rates

- Better train consist design
- Smaller, more productive and efficient fleet
- Enhanced driver training
- Technology
 - Driver assist
 - Regenerative power
 - AESS



Rollingstock maintenance

Continuing the journey of improvement

- Transforming the footprint – enabled by a redesigned operating plan and improved fleet productivity
- Predictive technologies
- Continued improvement in standards and processes – lean continuous improvement
- Continued investment in core activities and capabilities – outsourcing of non-core activities
- Continued culture change – people, processes and KPI's

QLD RESHAPING EXAMPLE



Rollingstock Maintenance¹ FTEs



Operations technology - rollingstock

Continuing to deploy technology to move from reactive to predictive, condition-based capabilities to enhance safety, reliability and productivity

- Turning finders into fixers – more productive workforce
- Reducing variability in operations – improved capacity, productivity and costs
- Safer operations – detecting defects before they become operational problems



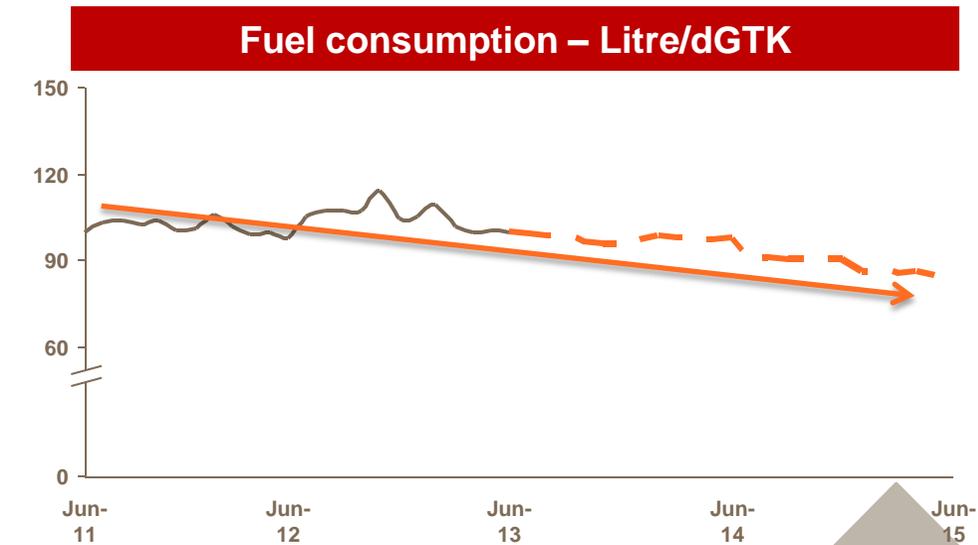
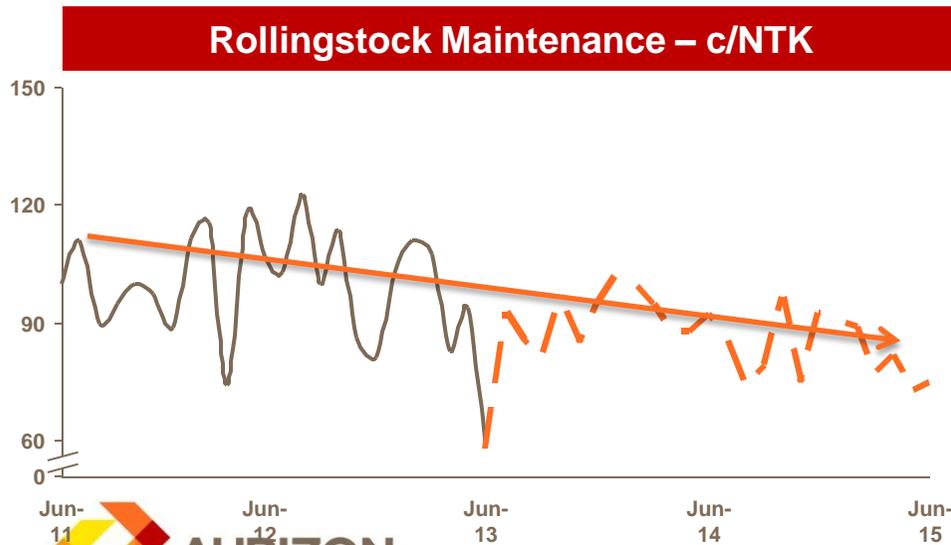
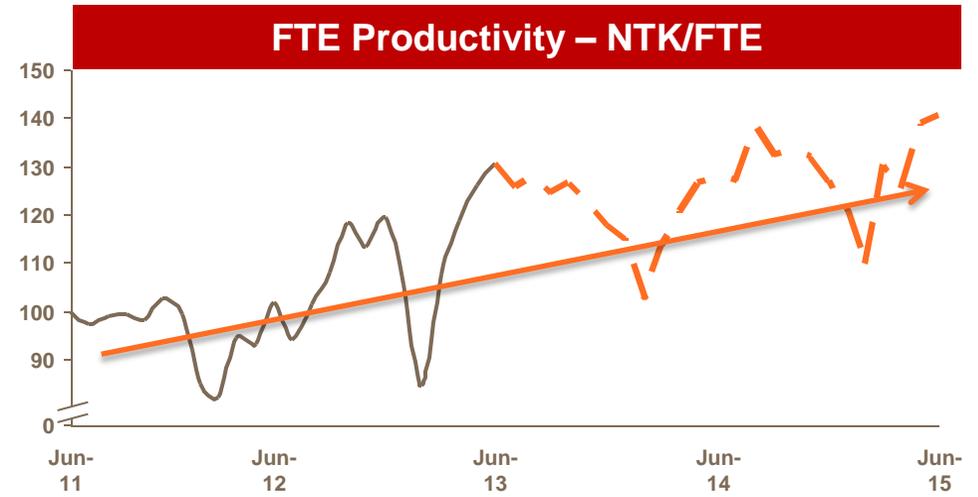
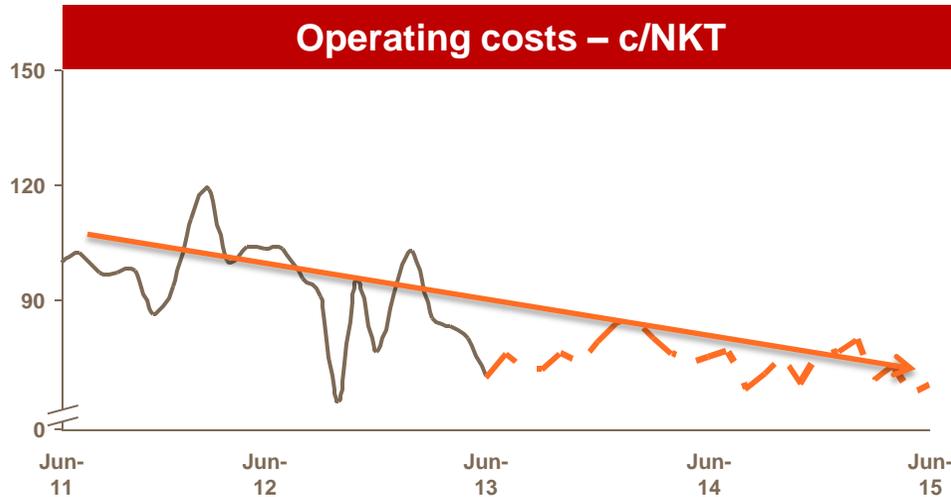
Braeside Detector – Commissioned July 2013



Targeting \$130m+ productivity improvement by FY15

Category	Targeted savings	Initiatives	Integrated Operating	Longer Trains	Energy Consumption	Rollingstock Maintenance	Operations Technology
Labour	\$50-70m	<ul style="list-style-type: none"> • Reducing operational variability • Centralised crew demand planning • Fewer train starts • Streamline shunting processes • Tightening footplate and improving productivity • Rationalisation of yard, terminal and maintenance footprint • Targeting absenteeism and overtime • Enterprise agreement productivity improvements • Flexible workforce • Predictive enabling technologies • Outsourcing or ceasing non core activities 	✓	✓	✗	✓	✓
Consumables	\$20-30m	<ul style="list-style-type: none"> • Standardising maintenance standards and processes • Centralisation of maintenance supply chain and inventory • Asset reliability • Reduced track and train in forces • Smaller, more productive fleet 	✓	✓	✗	✓	✓
Energy	\$25-35m	<ul style="list-style-type: none"> • Train consist design with tighter HP/Tonne – improved energy • Fleet productivity and efficiency • Enhanced driver training • Technology enabled solutions (AESS, Driver assistance, Regenerative power) 	✓	✓	✓	✗	✓
Other (depreciation, asset sales)	\$10-20m	<ul style="list-style-type: none"> • Fleet rationalisation and disposals • Housing review 	✓	✓	✗	✗	✗

Resulting in a targeted 10% annual improvement in operating costs per NTK



Operating metrics indexed from 1 July 2012, representing net Coal and Bulk operating costs

Operations' initiatives have created an opportunity to improve the fleet plan, which will be completed by end of FY14

Asset productivity will unlock opportunities and is central to delivering finance objectives

Fleet plan will reflect:

- Integration of Iron Ore and Intermodal operations
- Opportunities to:
 - Cascade
 - Reallocate for growth
 - Reduce fleet base
 - Improve fleet profile – newer, more standardised
- Optimal replacement/overhaul strategy

Operations will deliver a \$130m+ productivity improvement in support of the “Drive to 75” in FY15 and beyond

Opportunity will be unlocked by:

- Building a culture of performance
- Leveraging the operations value chain
 - Integrated operating plan redesign
 - Train consist design
 - Energy consumption
 - Rollingstock maintenance
 - Technology-enabled operations
- Intense focus on assets (rollingstock)

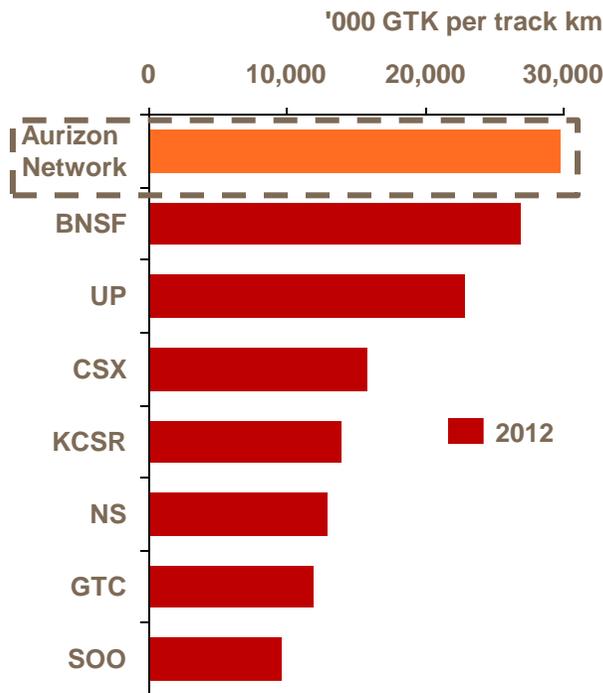
Drive to 75:

Below Rail Operations

Mike Carter – EVP Network

Aurizon's Network business is in the zone of Class 1's

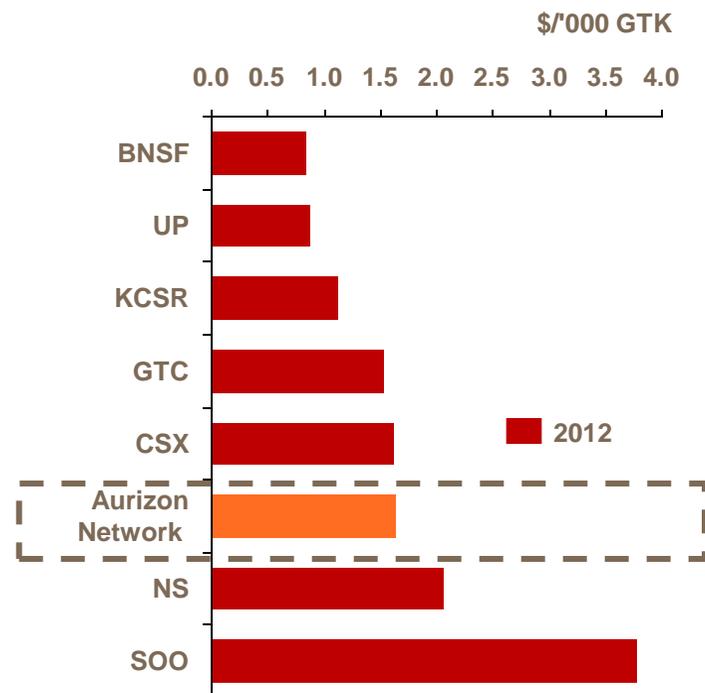
Track utilisation



Network operate a higher average density network

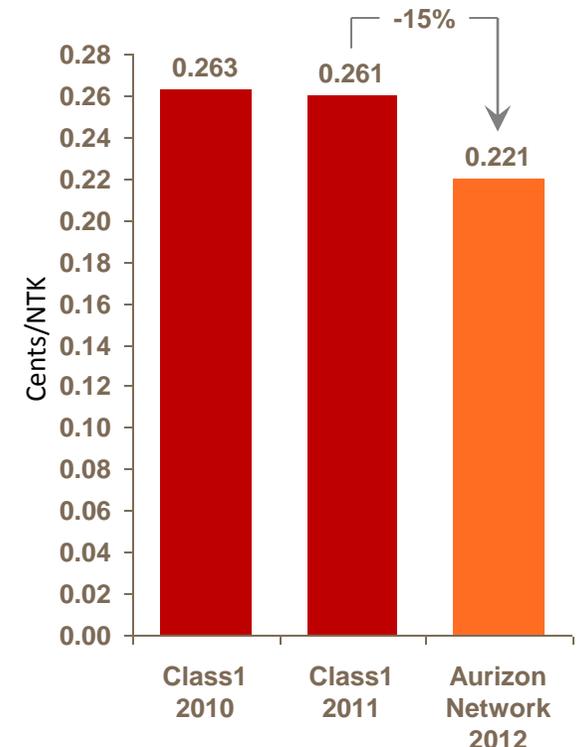


Maintenance cost ¹



Competitive, with opportunities for improvement

Renewal spend



\$150m pa renewal spend is less than Class 1 average

1. Maintenance costs adjusted for contract tonnes and A\$ impacts, no adjustment to renewal costs
 Source: Network Function Financial Performance data
 Class 1 data sourced from Surface Transportation Board Annual Reports

Network is targeting a number of strategic initiatives

Network's strategic initiatives ...

- 1 Step through the door into world class safety
- 2 Create customer advocates from our relationships and responsiveness
- 3 Optimise regulatory arrangements to benefit Aurizon Network and customers
- 4 Transform infrastructure asset maintenance to world class
- 5 Optimise network capacity to world class utilisation levels

...aligned to the enterprise strategy building blocks



Lifting Network tonnages and utilisation as Aurizon's prime delivery goal boosts productivity for our customers and drives improved prices

Network aims to work constructively with our customers on UT4

Phase 1 – Inform, negotiate and recalibrate

30-Apr-13

Refine scope of October submissions to regulator

10-Oct-13

Objective: Work with customers to identify points of difference and agree substantive matters

Phase 2 – Consult and substantiate

Nov-13

Demonstrate prudence of policy and revenue positions

Dec-13

Objective: Work with the regulator to clarify policy and modelling assumptions

Phase 3 – Refine and execute

Jan-14

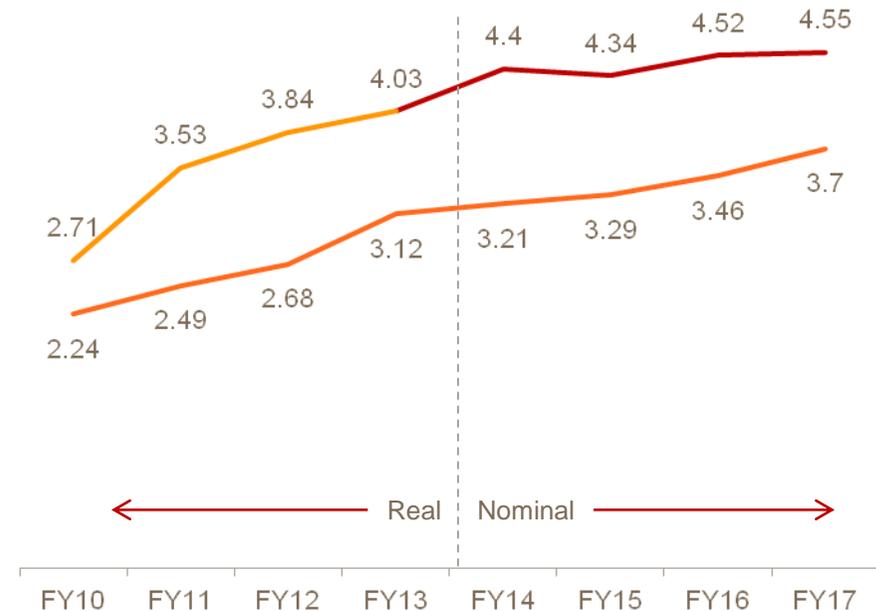
Incorporate agreed positions into UT4 drafting

Jun-14

Objective: Refine agreed positions and provide additional evidence to remove uncertainty over ambiguous positions

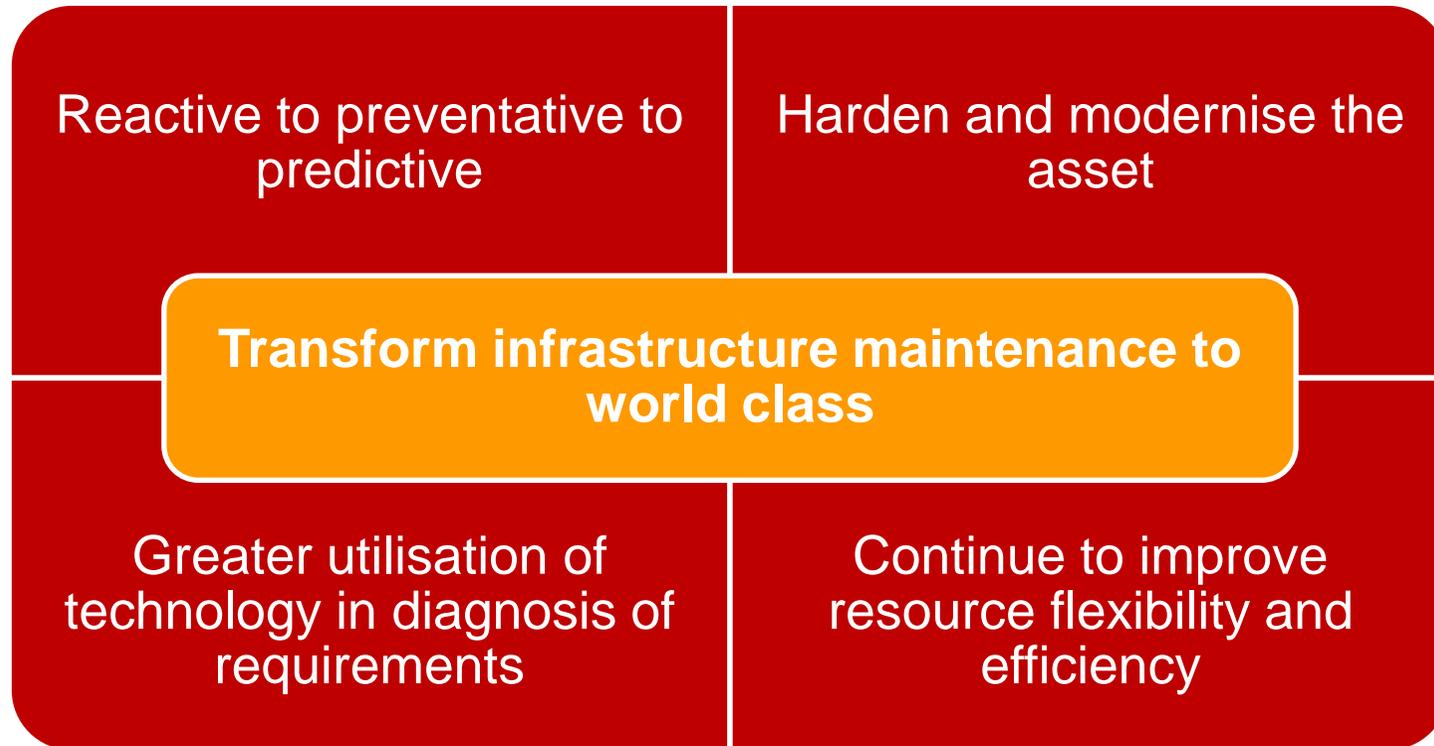


Average price per net tonne (\$/NT)



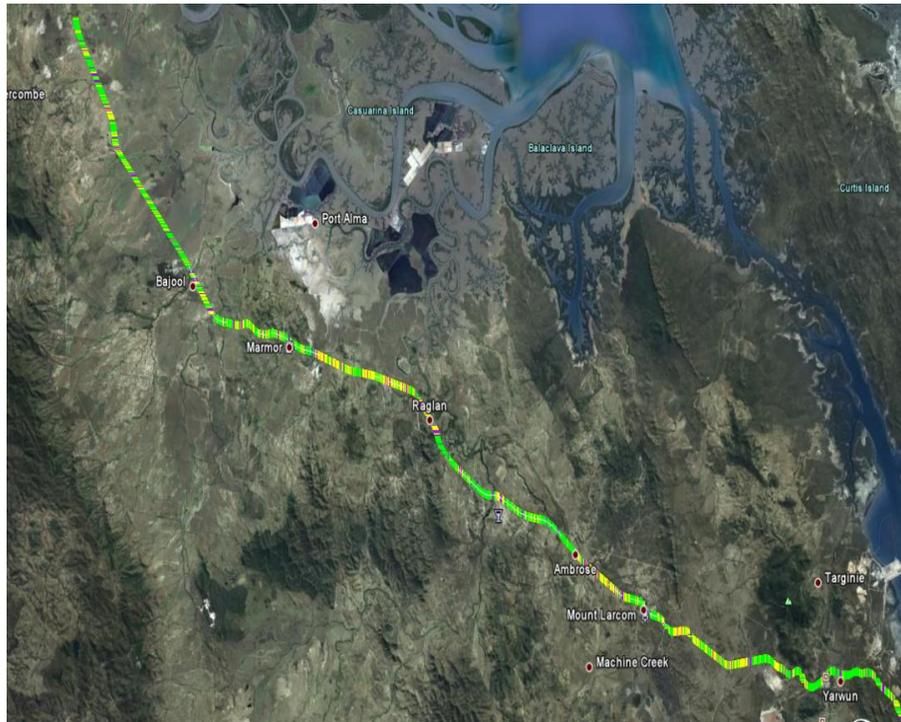
— Prices at forecast volumes
— Prices at contract volumes
— Prices at actual volumes

World class Network utilisation is not possible without world class maintenance



Quality real time asset diagnosis is key to a world class predictive focus

Ground Penetrating Radar



Note: Whole Network complete



Track Defect Inspection Reporting



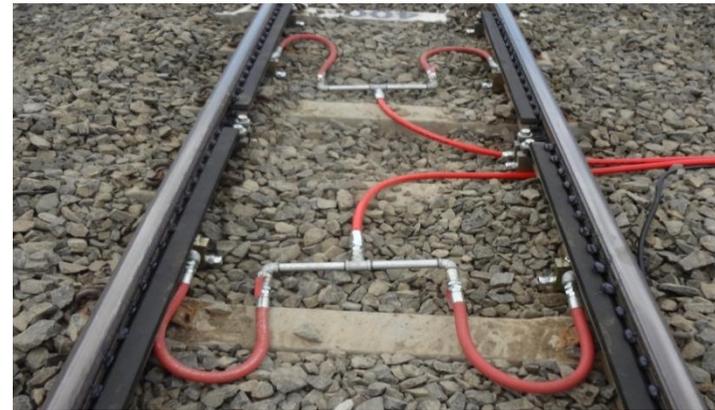
Note: Tendering for remote recording equipment for locomotives with automatic download

Combining prediction and remote monitoring directly improves productivity of track workers and trains providing integrated system benefits

Mechanical Rail Lubricator

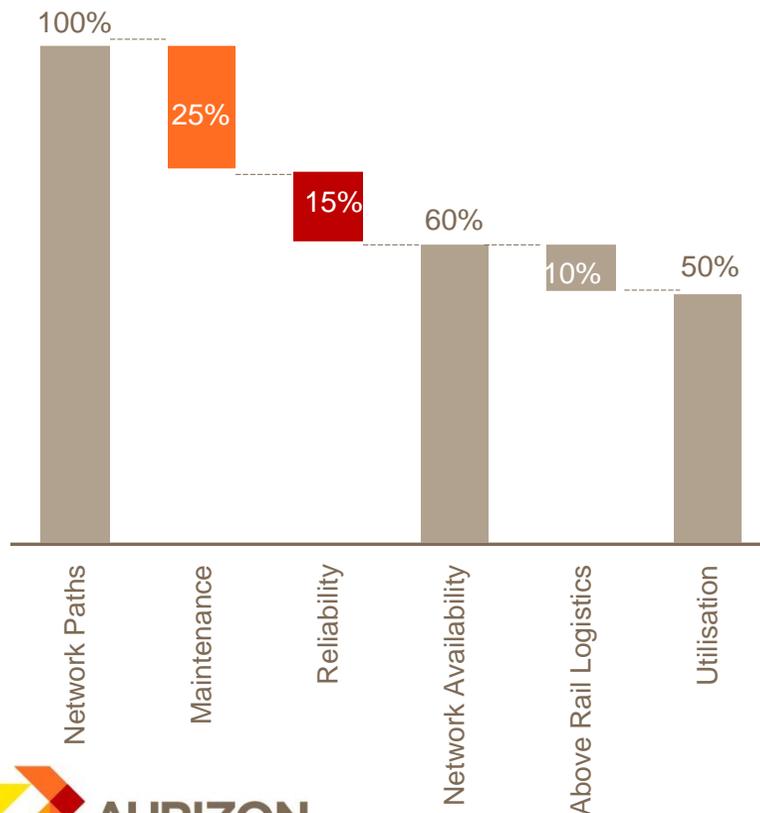


Electric Rail Lubricator (ERL)



Efficient & productive track machinery is a key lever for transforming infrastructure maintenance to world class

Reduced track possessions & improved reliability are key to increased utilisation



The immediate focus is ballast cleaning & resurfacing

Ballast Treatment Project – Tranche 1

- Upgrade existing ballast cleaner & wagons
- Purchase 24 new spoil management wagons
- Upgrade sidings to take bigger trains

47% track possession productivity uplift

Ballast Treatment Project – Tranche 2

- Purchase very high production ballast cleaner to replace age expired plant

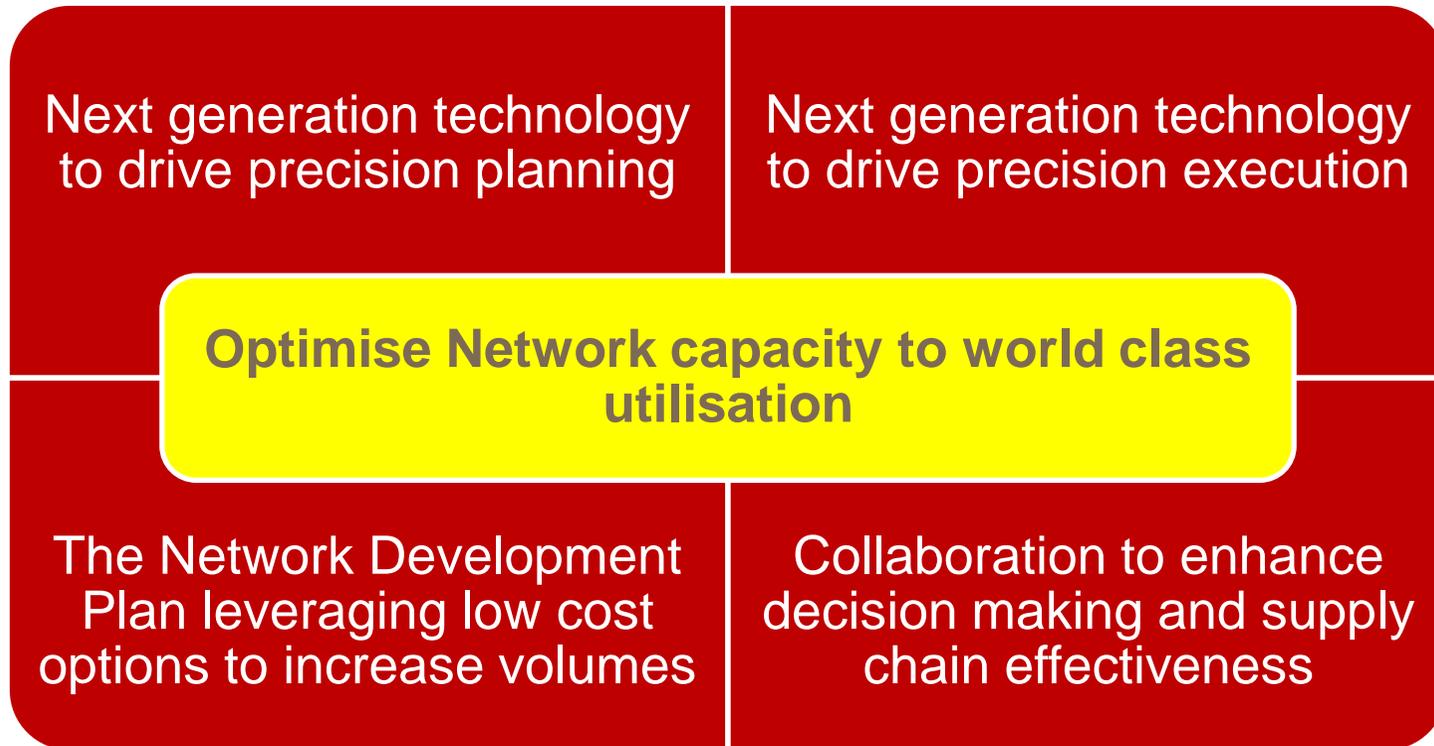
40% reduction in track possessions for same scope

Resurfacing Plant

- Purchase 5 high production resurfacing machines to replace 8 existing

56% reduction in track possession for same scope

The main game – lift Network utilisation for the benefit of all



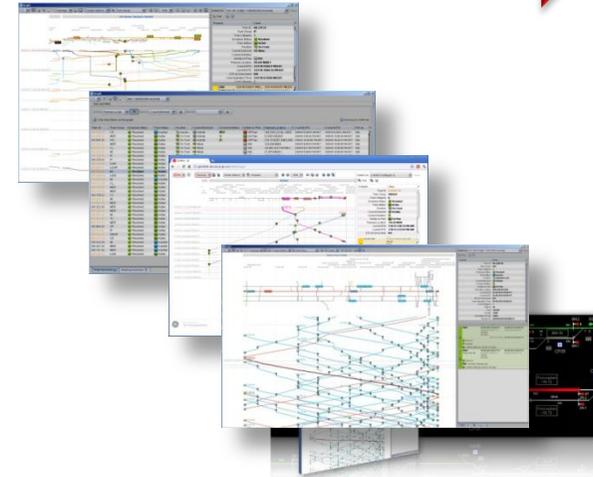
We are chasing two prime creators of variance – planning and Network control



- ✓ Forecasts / Plans (2 years to DOO)
- ✓ 'What-if' opportunity analysis
- ✓ Plan to Schedule creation



- ✓ Business rules embedded into solution
- ✓ Real-time train movement (interactive graphs)
- ✓ Conflict detection and resolution (manual > automated)
- ✓ Performance Dashboards (plan v's actual)
- ✓ Plan optimisation real-time



Phase 1 to be delivered Q2 2014

Phase 2 (foundation) to be delivered Q4 2014

... Advanced Planning and Execution (APEX) is providing optimal operational performance and improved service to customers

Phase 3 (enhanced) to be delivered Q4 2015



Improved planning and optimisation benefits all by facilitating higher tonnages

Benefits

Planning Alterations

Reduced from 40 at it's highest point to 2 per day in Goonyella system (Jul 2012 to Jun 2013)

Total Speed Restrictions (TSR)

Prior to implementation, TSR avg. 50 days duration (Jun-Oct 2012)
Since implementation avg. 15 days – 70% decrease (Oct-Jun 2013)

Below Rail Delays (>15mins)

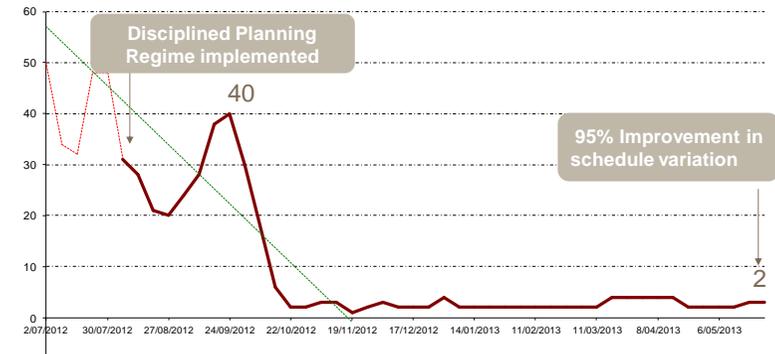
Goonyella avg. BR delays reduced by 38% from FY11/12
Newlands avg. BR delays reduced by 29% from FY11/12

Path Availability

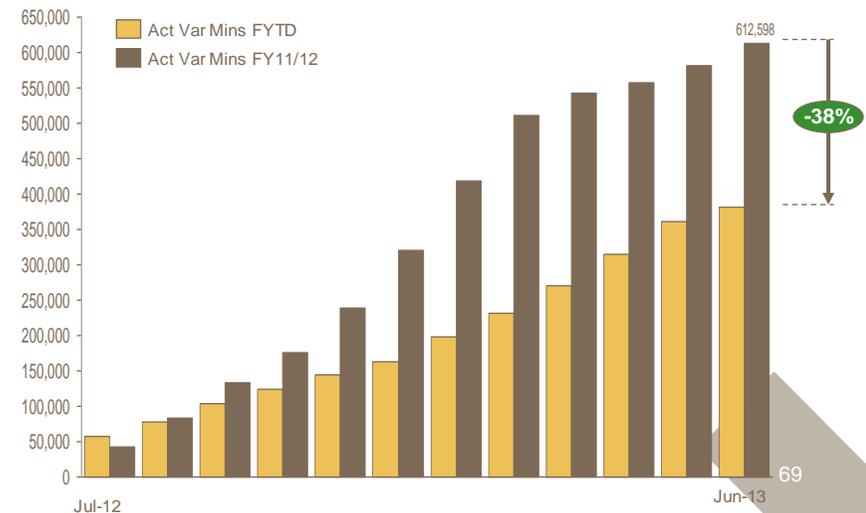
Increased pathing availability through better alignment of asset activities and smoothing constraints creating 745 additional paths for Goonyella



Minimising scheduling changes

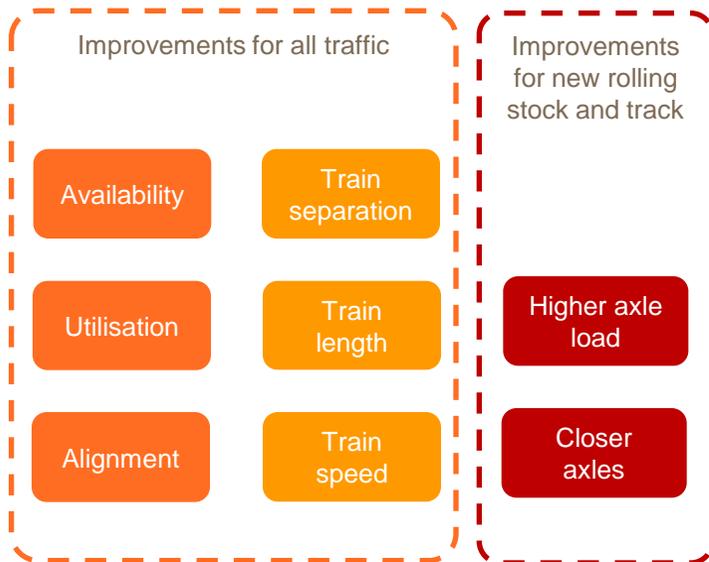


Improvement in below rail delays



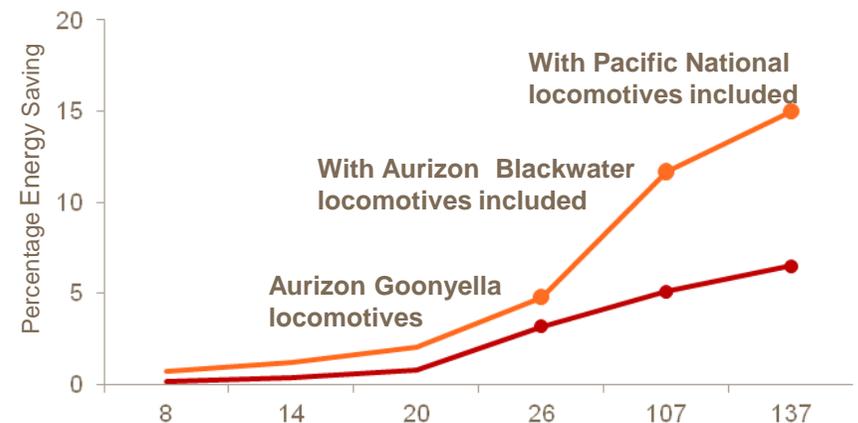
Unlocking new productivity and efficiency benefits from an holistic view of rail assets

Network Development Plan



Energy savings through regenerative braking

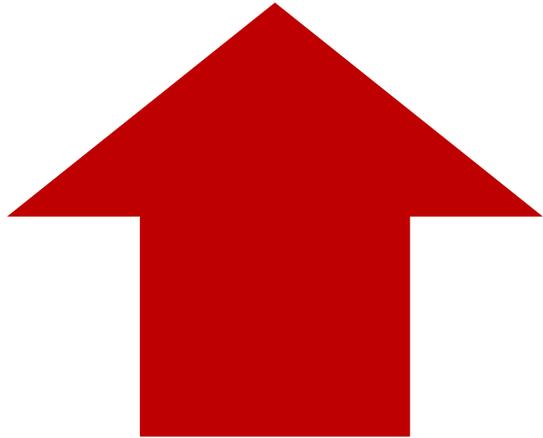
- Will allow existing infrastructure to support more train services
- Conservative cost savings of \$2.5m from 6.5% less feeder station power usage as well as lower CO₂ emissions
- Commenced adaption of all locomotives in the Goonyella System



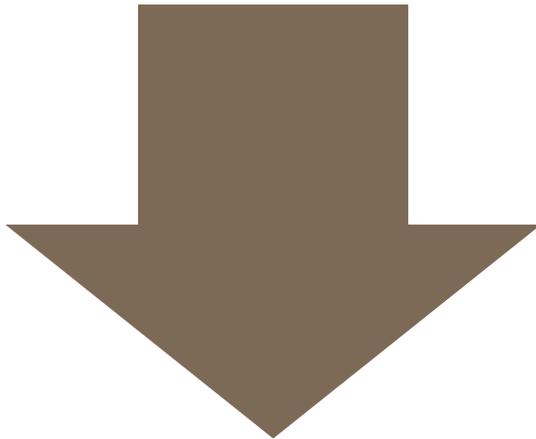
No. of locos equipped with regenerative braking

- Conservative forecast
- Potential upside

Above and Below Rail Summary



Success by Network will provide direct benefits and magnified above rail performance benefits for all operators, the supply chain and our collective customers



Network's transformation strategy is anchored on the Enterprise goal to become World Class

Break

Panel discussion: Q&A

Closing Address

Lance Hockridge – MD & CEO

Summary

- The key near-term value creation pillar for Aurizon is to become a World Class transport business
- Aurizon is in a relatively unique and exciting position whereby we have:
 - Robust financial capacity
 - Positive revenue growth opportunities
 - Yet to be fully realised efficiency opportunities
- Underpinning these opportunities will be our continued and focus on:
 - Safety
 - Our customers
 - Continued performance-driven cultural change
- Combined with a still robust macroeconomic outlook, continuous improvement will position Aurizon to not only achieve our FY15 goal, but go beyond 75% OR and 10% ROIC
- FY13 results will be released on Monday 19 August 2013



Aurizon Investor Briefing

Thursday 18th July 2013

Sydney