

# ASX Announcement

**Date:** 8 August 2022

## Aurizon announces FY2022 results

### Safety performance

- › **Improvement in Total Recordable Injury Frequency Rate (TRIFR) and Rail Process Safety (RPS) performance; Deterioration in Lost Time Injury Frequency Rate (LTIFR) and Potential Serious Injury and Fatality Frequency Rate (SIFRa+p)**

### Financial performance

- › **Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1,468 million, 1% lower than prior comparable period (PCP)**
- › **Underlying Earnings Before Interest and Tax (EBIT) of \$875 million, down 3% against PCP**
- › **Free cashflow increased 13% to \$664 million**
- › **Final dividend of 10.9 cents per share (fully franked)**

\$ million (continuing operations)	FY2022	FY2021	Variance
Revenue	3,075	3,019	2%
EBITDA - Underlying	1,468	1,482	(1%)
EBIT – Underlying	875	903	(3%)
NPAT – Underlying	525	533	(2%)
NPAT – Statutory	513	607	(15%)
Free cashflow	664	589	13%
EPS – Underlying (cps)	28.5	28.5	-
EPS – Statutory (cps)	27.9	32.5	(14%)
ROIC – Underlying (%)	10.3%	10.7%	(0.4ppt)
DPS – Final (cps)	10.9	14.4	(24%)
DPS – Total (cps)	21.4	28.8	(26%)

Aurizon today reported Group Underlying EBITDA for the year ended 30 June 2022 (FY2022) of \$1,468 million, 1% lower than FY2021 (\$1,482 million). The key drivers of the FY2022 results were:

- › The Network business delivered EBITDA of \$801 million, a 6% decrease on the PCP. This was driven by lower volumes, lower historical or catch-up revenue from the Wiggins Island Rail Project (WIRP) and lower Goonyella to Abbot Point Expansion (GAPE) fees.
- › EBITDA in the Bulk business was down 7% to \$130 million, following a year of consolidation and investment in future business growth. The business experienced a range of impacts that lowered volumes including major flooding events, COVID-19 related disruptions and customer-specific reductions in production.
- › Coal EBITDA up 1% to \$541 million compared to the PCP, reflecting the benefits of cost management, increased CPI favourably impacting contract rates and higher revenue yield, despite above rail coal tonnages being down by 4%.

Underlying Net Profit After Tax (NPAT) was \$525 million, down 2% compared to PCP, while Statutory NPAT was down 15% to \$513 million, primarily due to one-off benefits recorded in FY2021 (tax benefit from the sale of interest in Aquila) and transaction costs for the acquisition of One Rail Australia (ORA) incurred in FY2022. Return On Invested Capital (ROIC) was 10.3% down by 0.4ppt compared to FY2021.

The Board of Directors declared a final dividend of 10.9 cents per share, fully franked, representing a payout ratio of 75% of Underlying NPAT to be paid on 21 September 2022 to shareholders with a record date of 23 August 2022. This takes the full year dividend to 21.4 cents per share.

### Commentary from Aurizon Managing Director & CEO Andrew Harding

“The Company has delivered a solid operational and financial result despite a challenging year with the ongoing COVID-19 pandemic, major flooding events and customer-specific reductions in production impacting our volumes,” Mr Harding said.

“Group earnings have remained stable through continued strong operational performance and a number of revenue protection mechanisms that are in place. This underlines the strength and resilience of the Aurizon business, and a commitment to deliver shareholder returns. The total dividend for FY2022 represents a yield of over 5%. Including this final dividend, Aurizon has returned to shareholders \$4.8 billion over the past seven years through dividends and share buybacks.

“We were pleased to complete the acquisition of One Rail Australia in July 2022, which will result in an immediate uplift in earnings as well as providing new opportunities as we expand into commodity-rich regions in South Australia and the Northern Territory. This includes large resources of future-facing commodities that will feed and fuel the world in decades to come, such as grain, copper and rare earths.

“One Rail is a high performance business with a highly-capable workforce. The acquisition provides the platform for the next phase of growth for Aurizon, as we aim to double earnings in our Bulk business by 2030. It is also a key plank in re-positioning Aurizon’s portfolio over the next decade, with our Bulk business to take a greater proportion of Group revenue and earnings compared to coal-related earnings.

“We were also pleased to secure a number of new haulage contracts during FY2022. These included:

- › **Coal:** a new 10-year haulage agreement with Pembroke Resources for the new Olive Downs metallurgical coal mine located in the Goonyella system (commencing late CY2023); a 5-year extension to the haulage agreement with Baralaba Coal in the Moura System; and Aurizon Coal remaining the primary Goonyella system hauler for the South Walker Creek and Poitrel mines following the divestment of these mines from BMC to Stanmore.
- › **Bulk:** the six plus four year grain haulage contract with CBH that commenced October 2021; a five-year contract extension for alumina and associated inputs with Alcoa; a five-year contract for the WA operations for Lynas rare earths; and a five plus five year term for Tronox for the transport of mineral sands concentrate from the Broken Hill region, NSW.”

### Outlook

In FY2023 Aurizon expects Group EBITDA to be in the range of \$1,470 million - \$1,550 million, including 11 months contribution from the newly-acquired One Rail Bulk business and including the impact from wet weather in July 2022. Sustaining capital expenditure is in the range of \$500 million - \$550 million, with growth capital expenditure expectations dependent on contracting outcomes.

Key assumptions:

- › **Coal:**
  - volume expected to increase but EBITDA to be lower due to revenue yield reduction
- › **Bulk:**
  - revenue and EBITDA growth from increased volumes and services and the inclusion of One Rail Bulk

› **Network:**

- flat EBITDA, assuming volumes align to regulatory forecast, with higher FY2023 Maximum Allowable Revenue offset by non-recurrence of historical WIRP fees
- › No material disruptions to commodity supply chains (such as extreme or prolonged wet weather and/or significant impacts from COVID-19 related disruptions)
- › East Coast Rail<sup>1</sup> (ECR) is excluded from guidance as it will be classified as a discontinued operation held for sale from acquisition and no dividend is to be paid during Aurizon's ownership of the business.

**For more information:**

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<sup>1</sup> ECR is a coal haulage business in New South Wales and Queensland which is part of One Rail Australia, acquired by Aurizon in July 2022. ECR will be divested under the terms of an undertaking given to the Australian Competition and Consumer Commission (ACCC). Aurizon has commenced a dual track process for the divestment, to be completed via a trade sale or demerger. Until divestment, ECR will be held and operated separately to Aurizon, with an independent Board and management and an Independent Manager approved by the ACCC.