

# ASX Announcement

**Date:** 12 February 2024

## Aurizon announces Half Year FY2024 results

### Safety performance

- **Improvement in Total Recordable Injury Frequency Rate (TRIFR), and Actual and Potential Serious Injury and Fatality Frequency Rate (SIFRa+p)**

### Financial and operational performance

- **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$847 million, 26% higher than prior comparable period (PCP)**
- **Above-rail coal volumes up 4%; Network volumes up 3%; Bulk volumes up 1%, compared to PCP**
- **FY2024 guidance unchanged**
- **Interim dividend of 9.7 cents per share, 60% franked**

\$m (continuing operations)	1HFY2024	1HFY2023	Variance%
Revenue	1,972	1,694	16%
EBITDA – Underlying	847	673	26%
NPAT – Underlying	237	169	40%
NPAT – Statutory	237	130	82%
Free cashflow <sup>1</sup>	256	95	169%
EPS – Underlying (cps)	12.9	9.2	40%
EPS – Statutory (cps)	12.9	7.1	82%
ROIC – Underlying (%)	9.0%	8.5%	0.5ppt
DPS (cps)	9.7	7.0	39%

Aurizon today reported Group EBITDA of \$847 million for the half year ended 31 December 2023. This is up 26% against the prior comparable period (PCP) (1HFY2023 of \$673 million) primarily due to:

- Coal EBITDA increased \$53 million (23%) to \$283 million with higher revenue resulting from increased volumes (up 4%) and improved revenue yield due to the mix of volume between corridors and customers, in addition to CPI indexation
- Bulk EBITDA increased \$12 million (12%) to \$112 million driven by volume recovery and new contracts, offset by customer specific production issues and lower grain volumes
- Network EBITDA increased \$123 million (34%) to \$486 million in 1HFY2024, driven by a recovery in volumes (up 3%) and an uplift in the Maximum Allowable Revenue as a result of the reset of the Regulated Asset Base and the preliminary Weighted Average Cost of Capital applying to tariffs from 1 July 2023

<sup>1</sup> Free Cash Flow is defined as net cash flow from operating activities less non-growth capex and interest paid. It excludes growth capex of \$105m (1HFY2023: \$135m), and acquisition of One Rail Australia (1HFY2023: \$1,404m) and cash costs associated with the acquisition (1HFY2023: \$39m).

Underlying Net Profit After Tax (NPAT) was \$237 million, a 40% increase compared to 1HFY2023. Return On Invested Capital (ROIC) increased by 0.5 ppt to 9.0% compared to 1HFY2023. Free cashflow increased \$161 million to \$256 million, an increase of 169% against the PCP.

The Aurizon Board has declared an interim dividend payment of 9.7 cents per share, 60% franked, which is 75% of NPAT. The dividend will be paid on 27 March 2024 to shareholders on the register at the record date of 27 February 2024.

Aurizon uses two primary safety metrics to measure safety performance: Total Recordable Injury Frequency Rate (TRIFR) and Actual and Potential Serious Injury and Fatality Frequency Rate (SIFR(a+p)). In 1HFY2024, TRIFR improved by 3% and SIFR(a+p) improved 10%.

### **Commentary from Managing Director & CEO, Andrew Harding**

“This was a strong result for the half, underpinned by solid performance in the Network and Coal businesses and with continued revenue and volume growth in Bulk and Containerised Freight.

“Further investments were made during 1HFY2024 in new rollingstock, port and terminal equipment across our national footprint and will continue in 2HFY2024 aligned with equipment delivery. This will ensure Aurizon is well-positioned for current growth opportunities, as well as emerging markets.

“The cashflow that Aurizon is generating provides more flexibility to increase shareholder returns in FY2025.

“Across the business, we have secured new work, contract extensions and commenced railings for new customers including:

#### Aurizon Coal

- 12-year haulage contract with New Hope in Queensland commenced in October 2023
- Contract extension for Queensland Alumina, commenced in January 2024
- Railings commenced in January 2024 for the 10-year haulage contract with Pembroke for Olive Downs’ metallurgical coal mine in Queensland

#### Aurizon Bulk

- Above and below-rail contract for iron ore haulage for Linecrest to Darwin Port
- Above and below-rail contract for iron ore haulage for Northern Iron to Darwin Port
- Rail haulage contract extension, volume uplift and sole rail provider for Mineral Resources for iron ore in Western Australia
- Rail haulage contract extension for fuel for Ampol in Western Australia
- Contract for the road haulage of sulphuric acid for Lynas in Western Australia
- Rail haulage and terminal services contract extension for multiple commodities for Glencore in Queensland

#### Aurizon Containerised Freight

The business remains on track for delivering its full schedule of national linehaul services from April 2024. In addition to the 11-year contract with Team Global Express announced in February 2023, Containerised Freight is now railing spot volume for three additional customers.”



## Outlook for FY2024:

Group underlying EBITDA guidance for FY2024 has been maintained at a range of \$1,590 million – \$1,680 million. Sustaining capex is expected to be \$600 million - \$660 million (including ~\$40 million of transformational project capital) and growth capex is expected to be \$250 million - \$300 million. Key assumptions:

- **Network:** revenue and EBITDA expected to be higher than FY2023 driven by an increase in the (regulated) Maximum Allowable Revenue. Volumes are now assumed to be ahead of the approved regulatory forecast (207.8mt)
- **Coal:** revenue and EBITDA expected to be higher than FY2023 driven by volumes and revenue yield improvement. Compared to 1HFY2024, a lower revenue yield is expected in 2HFY2024 due to the anticipated corridor/customer mix
- **Bulk:** revenue and EBITDA expected to be higher than FY2023 driven by volumes and the full year inclusion of Bulk Central (and full realisation of targeted synergies)
- **Other:** Although the ramp-up schedule (including costs) for Containerised Freight remains on-track, expected to be an immaterial negative EBITDA contribution in FY2024 driven by softer freight market conditions (volumes)
- Beyond the impact on supply chains in Queensland and Northern Territory in January/February from Tropical Cyclone Kirrily (including heavy rainfall thereafter), no further significant disruptions to supply chains are assumed (such as major derailments or extreme/prolonged wet weather)

### For more information:

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