



Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

6 May 2025

Aurizon business update

Attached for release to the market is an Aurizon business update.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Nicole Alder", is written over a faint, light blue circular watermark.

Nicole Alder
Company Secretary

Authorised for lodgement by Aurizon Holdings Limited Board of Directors

ASX Announcement

Date: 6 May 2025

Aurizon business update

Ahead of Managing Director & Chief Executive Officer Andrew Harding speaking at the Macquarie Australia Conference in Sydney tomorrow (Wednesday 7 May, 0800 AEST), the following business update is provided covering:

- > Network, Coal, Bulk and Containerised Freight volumes (to 30 April 2025);
- > developments relating to the actions in progress (as announced at 1H Results), including a projected \$50 million in annual savings identified to-date;
- > an update on the Bulk customer portfolio; and
- > the potential impact on FY2025 Access revenue given volumes to-date.

Network, Coal, Bulk and Containerised Freight volumes

Network volumes (Central Queensland Coal Network) in the ten months to 30 April 2025 were 169.1 million tonnes (mt), 4.0mt lower compared to the prior corresponding period. Higher railings achieved in the first half of the financial year were more than offset by lower volumes in the first four months of 2HFY2025. This was driven by the impact of wet weather in Central Queensland, predominantly on mine production and port terminal operations.

Coal volumes (Above Rail) in the ten months to 30 April 2025 were 157.1mt, 1.4mt higher compared to the prior corresponding period. An uplift in New South Wales and Southeast Queensland volumes (+2.5mt) was partially offset by a reduction in Central Queensland volumes (-1.1mt).

Bulk volumes in the ten months to 30 April 2025 were 45.3mt, 11.0mt lower compared to the prior corresponding period. The decrease was mainly Bulk West with volumes 8.0mt lower, driven by lower bauxite/alumina (down 5.6mt) as a result of the cessation of production at the Kwinana refinery in 1HFY2025. After lower Western Australia grain volumes in 1HFY2025 (-1.5mt), a stronger 2024-25 harvest has driven an increase of 550 thousand tonnes (+18%) in volumes in the four months of 2HFY2025 compared to the prior corresponding period.

Containerised Freight¹ Twenty-foot Equivalent Units (TEUs) in the ten months to 30 April 2025 were 171.4 thousand, 46.5 thousand higher compared to the prior corresponding period, noting that the National Interstate schedule was ramping up during the prior corresponding period.

	Unit	FY2024 (YTD April)	FY2025 (YTD April)	Variance
Network	million tonnes	173.1	169.1	(4.0)
Coal	million tonnes	155.7	157.1	+1.4
Bulk	million tonnes	56.3	45.3	(11.0)
Containerised Freight ¹ : Central Corridor & National Interstate	<i>thousand</i> TEUs	124.9	171.4	+46.5

¹ Includes containerised freight hauled in the Central Corridor and across the National Interstate Network (reported in the Bulk and Other business units respectively) and does not include (hook-and-pull) intra-state Queensland services

Actions in progress

As announced at 1HFY2025 Results in February, Aurizon is undertaking actions in response to market conditions.

One of the actions is an assessment of the non-operational cost base. This review is focused on identifying and achieving greater efficiencies in the non-operational parts of the business and includes labour and external spend. Phase one has identified ~\$50 million of projected annualised savings, currently being actioned with the full benefit expected to be flowing from 1 July 2025. This includes a reduction of approximately 200 full time equivalent roles, subject to a consultation that is in-progress. The next phase of the assessment is currently taking place with decisions expected prior to 30 June 2025.

An additional action is a review of the Group's capital structure. Aurizon hosted a series of fixed income investor meetings in April 2025 regarding a proposed issuance of Subordinated Notes (Hybrid). The prospective Hybrid would complement Aurizon's capital structure noting it would receive 50% equity credit from both Moody's and Standard & Poor's. Aurizon will look to launch a transaction in this format prior to 30 June 2025 should market conditions be conducive to do so.

Finally, in August 2024 Aurizon announced an on-market share buy-back of up to \$150 million, this was subsequently extended by \$100 million in November 2024 and by a further \$50 million in February 2025, taking the program up to \$300 million. As at 6 May 2025, 52,816,787 shares have been bought back at a total consideration of \$277,598,310.

Bulk customer portfolio update

As announced on 4 March 2025, Aurizon noted the appointment of administrators for Bulk customers Centrex Limited (Centrex) and OneSteel Manufacturing Pty Ltd (part of the GFG Group). At the time of the respective appointment of administrators, Aurizon was owed approximately \$50 million (excluding GST and interest) in aggregate for these two customers. At 31 December 2024, Aurizon increased the provision for impairment of receivables associated with Bulk by \$11 million, with the majority of this relating to the above two customers.

Aurizon also notes the appointment of Rodgers Reidy on 12 April 2025 as administrator and FTI Consulting on 16 April 2025 as receiver and manager of Northern Iron Pty Ltd, the operator of the Warrego magnetite operation. Aurizon is owed approximately \$15 million (excluding GST and interest) from delay charges and haulage/handling services. As at 31 December 2024, no provision was made relating to this customer.

Where applicable, Aurizon is assessing options on enforcement of security over certain assets for the three customers identified above.

Aurizon is currently riling for all three customers under administration.

Network Access Revenue

Network volumes in the ten months to 30 April 2025 were 9.9mt lower² than the regulatory volume assumption with an estimated revenue under-recovery of ~\$80 million, subject to regulatory revenue protection. Given the volumes in 1HFY2025 were aligned to the regulatory assumption, this variance is driven by volumes in the first four months of 2HFY2025.

In instances of revenue under-recovery for Network, regulatory revenue protection mechanisms of Take-or-Pay and/or Revenue Cap address the shortfall (see diagram on the following page). If Take-or-Pay is triggered, revenue is recovered in the current financial year. Where Take-or-Pay is not triggered, or there is a residual under-recovery, Revenue Cap will recover any shortfall (plus an amount to compensate for the delayed receipt) and be incorporated into Network tariffs in two years time. This means Network will recover any FY2025 volume-related revenue under-recovery in FY2025 or FY2027.

This was last seen in FY2023 where there was a (non-GAPE) volume related under-recovery of \$97 million. Take-or-Pay was triggered and recovered \$76 million in FY2023, with the remaining \$21 million recovered via the Revenue Cap in FY2025 tariffs. This outcome was only confirmed in the final weeks of FY2023.

Recovery of the Allowable Revenue in FY2025 is dependent on volumes for the remainder of the financial year including any Network-caused cancellations and/or Network force majeure events. These factors are

² Calculated based on the FY2025 regulatory volume assumption of 216.7mt, applied across the FY2024 actual monthly volume profile, shown for the ten months to April

inherently difficult to predict with a single event having the potential to impact the application of the revenue protection mechanisms.

Outlook

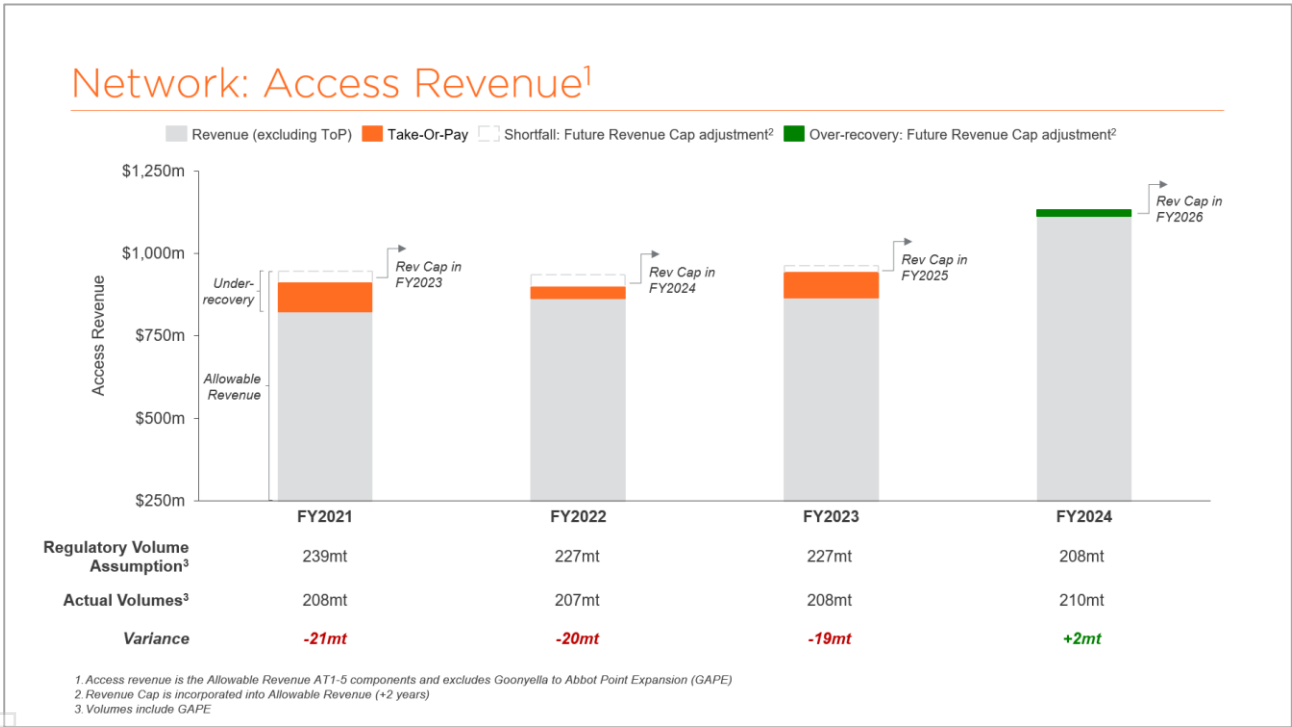
As announced at 1H FY2025 Results, Group EBITDA guidance for FY2025 was expected to be at the lower end of the range \$1,660 million - \$1,740 million. This was subject to (among other things) no additional provision for impairment of receivables (beyond what was made in 1H FY2025) being incurred in 2H FY2025.

Depending on the outcome of the respective administration processes for the three Bulk customers identified, the provision for impairment of receivables may increase.

The Outlook also assumed Network EBITDA for FY2025 would be higher than FY2024 and the Maximum Allowable Revenue would be received. For this to be achieved in FY2025, Network requires, amongst other things:

- > volumes to recover to the regulatory assumption of 216.7mt; or
- > Take-or-Pay triggers in both the Goonyella and Blackwater systems, thereby recovering the majority of Maximum Allowable Revenue within FY2025, rather than through regulatory Revenue Cap in FY2027.

Historical Network Regulatory Revenue



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