



Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

18 April 2017

Update on impacts of Cyclone Debbie

Please find attached a copy of an announcement for immediate release to the market.

Kind regards

A handwritten signature in black ink, appearing to read "D. Smith", with a horizontal line extending from the end of the signature.

Dominic D Smith
VP & Company Secretary

ASX Announcement

Date: 18 April 2017

Update on impacts of Cyclone Debbie

On 3 April 2017, Aurizon provided a market update on business impacts as a result of Cyclone Debbie and localised flooding. On 7 April 2017, an operational update was provided to the ASX. Aurizon is now in a position to provide a further operational update, together with estimated impacts on earnings for the Network and Above Rail businesses and on FY2017 guidance for Aurizon Holdings.

Operational update

Three out of four Aurizon coal systems, which make up the Central Queensland Coal Network (CQCN) have now re-opened to coal trains and are operating under restricted conditions with some reduced capacity.

Aurizon's Blackwater coal system, which connects into the Port of Gladstone re-opened to coal traffic on Monday 10 April, the Moura system into the Port of Gladstone on Wednesday 12 April, and the Newlands coal system into Abbot Point Coal Terminal on Thursday 13 April.

The Goonyella coal system experienced significant damage at multiple sites and was originally expected to take five weeks to repair. Aurizon now expects this system, which connects into Hay Point Coal Terminal and Dalrymple Bay Coal Terminal, to re-open on Wednesday 26 April with speed restrictions and reduced capacity. This is approximately one and a half weeks earlier than previously advised.

Above Rail impacts

Due to the period of time the CQCN will be unavailable for haulage, Aurizon expects its Above Rail coal tonnes for FY2017 to be reduced by 12–14 million tonnes. Accordingly, Aurizon now expects a coal haulage range of 190-200 million tonnes, rather than the previously advised guidance of 200-212 million tonnes.

As a result, Earnings Before Interest and Tax (EBIT) in the Above Rail businesses will be impacted by an estimated \$30-35 million. This figure includes a minor impact to the bulk and intermodal business.

Aurizon Network (Below Rail) impacts

Access revenue will decrease in FY2017 as a result of an expected volume reduction of 19-21 million tonnes carried by all rail operators on the CQCN.

Aurizon Network expects a reduction of an estimated \$70-80 million of access revenue in FY2017 due to the volume impacts. Partly as a result of cyclone impacts Aurizon Network also expects take-or-pay provisions of approximately \$30 million to trigger on the Blackwater system. This mitigates the reduction in access revenue to a range of \$40-50 million. Under established regulatory mechanisms any shortfall in access revenue and take or pay will be recovered through the revenue cap process in FY2019.

Flood repair costs are expected to be in the range of \$40-50 million of which approximately \$30 million is expected to be classified as operating costs impacting EBIT. Repair costs and capital expenditure will be recovered in future years as part of the established recovery processes through the Queensland Competition Authority.

As a result, EBIT in the Below Rail businesses in FY2017 will be impacted by an estimated \$70-80 million.

Summary and change to FY2017 guidance

Aurizon expects total FY2017 EBIT reduction of \$100–115 million as a result of Cyclone Debbie impacts, of which approximately \$70-80 million will be recovered through regulatory processes in future years.

Accordingly, Aurizon has revised its previous EBIT guidance for FY2017 of \$900-950 million to \$800-850 million. As noted above coal haulage volumes are now expected to be in the range of 190-200 million tonnes.

Forecast ranges for EBIT and tonnes are subject to a number of variables including further future weather impacts, the triggering of take-or-pay in Blackwater and the ability of supply chain participants at mine and port to resume normal operations.

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