

AURIZION HOLDINGS LIMITED (AZJ)

13 AUGUST 2018

| RESULTS | Full Year 2018 | Full Year 2017 | CHANGE |
|---------------------------------|----------------|----------------|--------|
| Revenue (\$m) | 3,112.7 | 3,142.5 | -1% |
| Underlying EBIT (\$m) | 940.6 | 884.2 | +6% |
| Underlying EBIT consensus (\$m) | 930.9 | | |
| ROIC – Underlying (%) | 10.9% | 9.3% | 1.6ppt |
| Underlying NPAT (\$m) | 542.1 | 494.7 | +10% |
| Underlying NPAT consensus (\$m) | 537.4 | | |
| Interim Dividend (\$) | 0.131 | 0.089 | +47% |

Aurizon Holdings Limited (AZJ) coal haulage and strong management helped turn result around.

- **Rail Freight Operator, Aurizon Holdings Limited (AZJ)** reported a solid lift in profit despite a 1% slide in revenue over the 2018 financial year. The companies cost management and higher coal volumes helped Aurizon to list an Underlying Net Profit after Tax for the full year of \$542.1 million.
- Aurizon confirmed it had achieved its three-year transformation targets after delivering \$133.6 million in transformation outcomes during FY18, despite the major regulatory challenges and customer concerns at its Wiggins Island terminal that are still to be resolved.
- Aurizon's Coal business listed a 7% increase in haulage volumes to 212.4 million, but this was against lower volumes in 2017 from Cyclone Debbie. Despite new contract wins over the 2018 year Aurizon expects coal volumes to only grow by around two percent over the next 10 years.
- Aurizon reported a loss of \$37.2 million last year largely due to impairments on its bulk and freight Businesses. In FY18 AZJ's Bulks unit reported a 4% slide in revenue, as expected, while the fall in depreciation and operating cost allowed the division to report earnings before income tax of \$50 million.
- Today Aurizon said it has terminated the sale of its Queensland intermodal business to Pacific National and Linfox and the company will continue with its plans to close the terminal. The intermodal unit reported a reduced loss after tax of \$77 million, compared to a loss of \$150 million this time last year and the division was helped by lower operating costs and write-downs.
- AZJ said updating investors and the market on FY19 guidance is hard as it is awaiting the outcome of Queensland tariffs approval (UT5) with the next expected Undertaking announcement not due until the end of December 2018.
- Aurizon said it sees FY19 underlying earnings before income tax for above-rail unit of \$390-\$430 million. AZJ said it will pay a final dividend of \$0.131, 60% franked and represents 100% of underlying NPAT for continuing operations. The final dividend will be paid on the 24th of September 2018.

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