

AURIZON NETWORK PTY LTD

FACT SHEET

AUGUST 2024

I A M
INCOME ASSET
MANAGEMENT

Issuer Outline

Aurizon Network Pty Ltd provides transportation services. The Company owns and operates rail freight networks, as well as transports and delivers coal and bulk commodities. Aurizon Network serves customers in Australia.

Sector:	Industrial
Sub-Sector:	Transportation
Country:	AU
Ownership:	Public

IAM Credit View

Aurizon Network operates the Central Queensland Coal Network (CQCN) (2,670km), which is critical infrastructure supporting most of Australian metallurgical coal export volumes. Around 70% of volume hauled across the network is metallurgical coal (remaining 30% is thermal coal), with demand linked to Asian steel production. Aurizon has standalone funding structures for Operations and Network with independent gearing levels, consistent with their different business risk profiles.

The CQCN infrastructure links to significant coal resources which is underpinned by a 99 year lease from the Queensland Government. The revenues are regulated within a stable regulatory regime. Aurizon Network has had stable operating cash flows and EBITDA through various commodity cycle(s), with debt levels managed in line with credit rating thresholds of BBB+/Baa1. The Network Gearing (excl AFD) was 63.8% at FY23.

For FY24, group underlying EBITDA is expected to be in the range of \$1,590-\$1,680m, sustaining capex of \$600-\$660m, and growth capex of \$250-\$300m. In relation to Aurizon Network, revenue and EBITDA is expected to be higher than FY23 driven by an increase in the (regulated) Maximum Allowable Revenue. Volumes are now assumed to be ahead of approved regulatory forecast (207.8mt).

Issuer Credit Rating & Outlook

Agency	Rating	Outlook
S&P	BBB+	STABLE
Moody's	Baa1	STABLE
Fitch	-	-

Key Financials (AUD m)

	FY23	FY22
LTM (31 Dec)	06/2023	06/2022
Revenue	1,337	1,193
NPAT	802	789
EBITDA	221	242
NPAT	60	66
EBITDA Margin (%)	5,762	5,660
Total Assets	3,632	2,886
Net Debt	3,602	2,871
Net Debt/EBITDA (x)	4.49	3.64
Total Debt/Total Equity (%)	430.75	200.49
Total Debt/Total Assets (%)	63.04	50.98

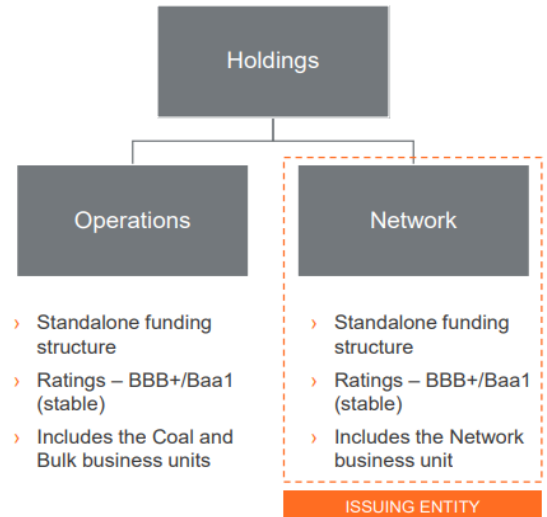
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FACT SHEET

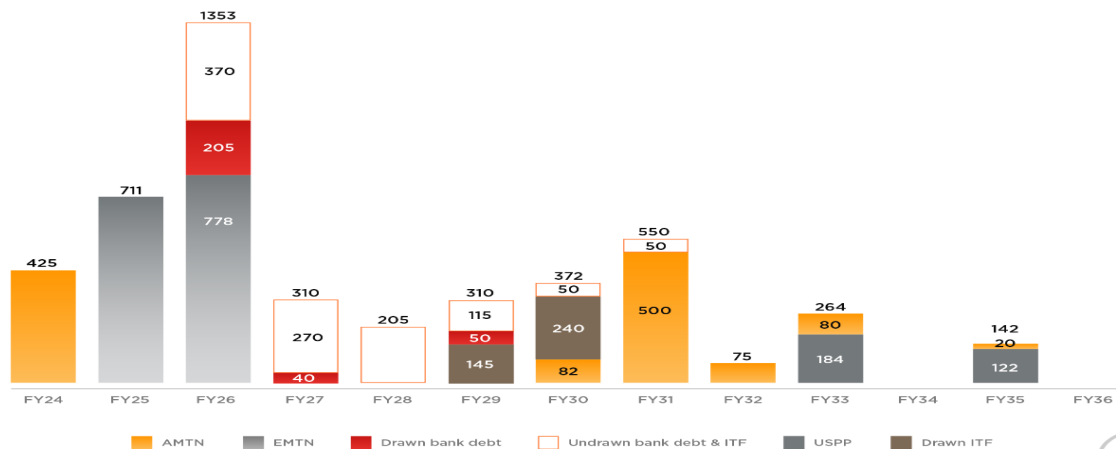
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In terms of relative value, we see Aurizon Network AUD bonds as pricing cheap to the BBB corporate credit curve, driven by the inherent ESG premium required to compensate of risk/return. The Aurizon AUD bond curve has long maturities so investors will be expressing a view on longer duration by buying these securities.



Aurizon Network
as at 31 December 2023 (\$m)



KEY DEBT METRICS¹

Weighted average maturity¹

1HFY2024

4.3 years

FY2023

3.6 years

Group interest cost on drawn debt

6.1%

4.1%

Group Gearing²

53.8%

53.7%

Network Gearing³ (excl AFD⁴)

63.0%

63.8%

Operations & Network Credit Ratings⁵

BBB+/Baa1

BBB+/Baa1

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FACT SHEET

AUGUST 2024

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Summary Bond Details

ISIN	Issue Amount	Ranking	Coupon	Coupon Frequency	First Call Date	Maturity Date	Issue Rating (S&P/Moody's)
AU3CB0307635	AUD350m	Sr Unsecured	6.100%	Semi-annual	12 June 2031	12 September 2031	- / Baa1 / -
AU3CB0274173	AUD500m	Sr Unsecured	2.900%	Semi-annual	2 September 2030	2 September 2030	BBB+ / Baa1 / -
XS1418788599	EUR500m	Sr Unsecured	3.125%	Annual	1 June 2026	1 June 2026	BBB+ / Baa1 / -
XS2825142222	JPY7000m	Sr Unsecured	2.000%	Semi-annual	23 May 2034	23 May 2034	- / Baa1 / -
XS1111428402	EUR500m	Sr Unsecured	2.000%	Annual	18 September 2024	18 September 2024	BBB+ / Baa1 / -
AU3CB0280915	AUD75m	Sr Unsecured	3.291%	Semi-annual	15 December 2031	15 December 2031	- / Baa1 / -
AU3CB0266633	AUD82m	Sr Unsecured	2.885%	Semi-annual	22 December 2029	22 March 2030	- / Baa1 / -
AU3CB0295129	AUD80m	Sr Unsecured	6.392%	Semi-annual	21 September 2032	21 December 2032	- / Baa1 / -
AU3CB0295137	AUD20m	Sr Unsecured	6.560%	Semi-annual	21 September 2034	21 December 2034	- / Baa1 / -

Estimated Commodity Split (Volume)

Commodity	%
Metallurgical Coal	70.0%
Thermal Coal	30.0%

Key Debt Metrics

	1H FY2024	FY2023
Weighted average maturity	4.3 years	3.6 years
Group interest cost on drawn debt	6.1%	4.1%
Group gearing	53.8%	53.7%
Network Gearing (exc AFD)	63.0%	63.8%

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