



Company	Aurizon Holdings Limited
Code	AZJ
Meeting	AGM
Date	14 October, 2020
Venue	Online
Monitor	Shirley Watson assisted by Alison Harrington

Number attendees at meeting	93 including 59 guests
Number of holdings represented by ASA	117
Value of proxies	\$2.3M
Number of shares represented by ASA	.55M
Market capitalisation	\$7,994M
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman, Tim Poole

Enjoying a good result and no protestors.

The meeting started with Welcome to Country given by Lowana Riddiford who is also an Aurizon employee.

Both the Chairman's and CEO's Report emphasised the core value of safety. The chairman stating at the beginning that during COVID-19 the safety lens is even sharper.

The health and well-being of employees is the highest priority throughout COVID-19 - this also is extending into the communities in which they live and work. There was minimal disruption and no COVID-19 cases occurred. As an essential transport provider Aurizon continued operating with generally sustained demand across the key sectors in which it operates, including resources, industrials, agricultures and consumables.

The Chairman was able to report very encouraging results in this period of economic uncertainty and was congratulated by ASA. In FY20 Aurizon was able to deliver EBIT of \$909 million, well within guidance, and 10.9 % higher than the previous year.

This result demonstrates resilience in the business and 100% of NPAT has been paid as dividends to shareholders over the past 5 years with 27.4 cents per share, 70% franked, paid in FY20. In the answer to an ASA question the Chairman indicated that Aurizon intends to be a good dividend paying stock into the future. Interest in delivering additional value to shareholders is shown by a \$400 million on-market share buy-back completed in FY20 with a further \$300 million announced for FY21. In the last 5 years, Aurizon has delivered \$3.5 billion in distributions to shareholders, including \$1 billion in buy-backs.

The Chairman was able to report success in 3 priority areas.

- Final approval from the Queensland Competition Authority for the 10 year Access Undertaking (UT5) for the Central Queensland Coal Network (CQCN) providing long-term investment certainty for these leading infrastructure assets. In answer to a question on the need for further future costs, the MD & CEO said that no additional capacity was required on the CQCN but it would always be re-accessed.
- Implementation of a new legal and capital structure making available additional funding capacity of approximately \$1.2 billion.
- Strong and continued performance in the turnaround plan of the Bulk business. In three years Bulk has changed from loss-making to an EBIT of \$90 million in FY20 having created 200 new jobs in regional Australia. The MD & CEO reported on winning a number of new haulage contracts and delivering ongoing cost and efficiency benefits.

ESG

The Chairman spoke of a high standard of corporate governance and being open and transparent with shareholders and stakeholders on the management of financial and other risks. With the one unfortunate road death no further investigation is being undertaken by Queensland WPH&S. Good governance and safety is recognised in September 2020 when the Australian Council of Superannuation Investors rated the ESG disclosures by Aurizon as “Leading” for the sixth consecutive year. Aurizon expresses support for the well-being of the community. In April it donated \$250,000 towards the development of a COVID-19 vaccine by the University of Queensland. The just released 2020 Sustainability Report can be read on the website www.aurizon.com.au

Climate Change

As in previous years, Aurizon accepts the scientific consensus on climate change of limiting global warming to less than 2%, in accord with the 2015 Paris Agreement. Following extensive work on climate-related risks Aurizon released today its first Climate Strategy and Action Plan. It is a roadmap through to 2050 on how Aurizon will decarbonise Aurizon’s operations with a net-zero emissions target by 2050.

Guidance

The Chairman confirmed the previous guidance of a FY21 EBIT of \$830 to \$880 and that the China market changes are factored into this guidance explaining the softness predicted in 1H21. The Chairman believes the company has a long term future because

Although the demand for thermal coal will decline, the demand for high quality Queensland coal will continue for decades with 90% of coal mined going to Asia.

There are many thermal power stations still in Asia to meet the energy needs of a growing middle class.

India will have the largest sea borne demand in the future.

Demand for metallurgical coal will continue.

Continued growth in Bulk haulage as rail produces 75% less per tonne emissions than road.

Resolutions passed

The two Directors, Dr Sarah Ryan and Mr Lyell Strambi, spoke to their election and both were elected with strong support. The resolution of the Grant of Performance Rights to MD & CEO was passed by 99.17%. Approval of Potential Termination Benefits was passed by 99.37%. The Remuneration Report was passed by 97.09%.

The Aurizon Virtual AGM was conducted very well. Of the number of questions asked, four from the Australian Shareholders Association were answered. This AGM contrasted with that of last year when many repetitive questions on coal haulage and climate change were asked together with disruptions by protesters. All indications are that Aurizon is a focussed transparent company developing its business with an ethical approach to its employees and the community and with high regard for a good return to its shareholders.