



<b>Company</b>	Aurizon Holdings Limited
<b>Code</b>	AZJ
<b>Meeting</b>	AGM
<b>Date</b>	2:00pm Thursday October 18 2018
<b>Venue</b>	The Sofitel 249 Turbot Street Brisbane Qld
<b>Monitor</b>	Michael Waterhouse & Johan Snyman

<b>Number attendees at meeting</b>	120 shareholders & visitors
<b>Number of holdings represented by ASA</b>	105
<b>Value of proxies</b>	\$1.81m
<b>Number of shares represented by ASA</b>	434,302
<b>Market capitalisation</b>	\$8.62 billion
<b>Were proxies voted?</b>	Yes, on a poll for Rem items only
<b>Pre AGM Meeting?</b>	Yes, with chair Tim Poole

## Transporting coal to ports for exports undervalued by investment markets

Aurizon Holdings presented shareholders with a healthy profit and balance sheet at the 2018 AGM in Brisbane. At the end of the 2018 financial year the company was still to complete negotiations for a new Enterprise Agreement with staff, a disallowed capital cost allowance of over \$1 billion for determining below rail rental charges with the Queensland Network regulator, and ACCC's objections to Aurizon's intermodal business being sold to Pacific National.

In response to an ASA question seeking an explanation of the 'ordinary share price performance' in the past few months, Aurizon's Chair, Tim Poole, implied a share price appreciation once the above disputes were finalised through the courts. He indicated the tariff dispute alone represented around \$1 per share should the regulator agree to include all Aurizon's capital costs submitted in the UT5 (2017 Draft Access Undertaking) submission.

With coal transportation the company's primary service, Aurizon's CEO, Andrew Harding, presented a medium-term growth outlook for coal exports for Australian coking and thermal coal. Australia's high-quality export coal is sought-after globally for displacing low quality domestic coal to reduce carbon emissions from Asia's coal fired power stations, and improve efficiencies of steel making furnaces. Australia's exported coal has high thermal value and low sulphur and ash.

Several Adani-focused, anti-coal proxy holders challenged Aurizon to reject any provision of coal transportation for possible future Adani coal mine. These proposals from the proxy holders were allowed a fair hearing by the Chair and those in attendance but firmly rejected. The Chair stated several times that as a “common carrier” the company was obliged as the network operator to provide transport on the Queensland network, using tariffs approved by the regulator, for anyone requesting that service.

Of the five (5) resolutions presented at the AGM, all but one (1) were passed with greater than 96.5% approval by shares voted. The resolution to re-elect Mr Tim Poole as a NED was approved with 83.3% of shares cast.

ASA converted its “Undecided” voting intention to “For” that ultimately gave a ‘benefit of the doubt’ preference. This was decided following a response by the Deputy Chair to ASA’s question: “Why should ASA support a NED who has three (3) Chair positions across three enterprises plus another directorship. Should a ‘significant event’ occur simultaneously for all or some of these enterprises, how would shareholders be assured Aurizon would be given preference over other demands?”

The Deputy Chair spoke of the dedicated support the Chair had given in the past 3 years, attending and chairing Board Meetings, being present at company meeting with stakeholders, regulators, investor groups and customers, while maintaining regular and frequent contact with the executive team. The Board fully supported the nomination for re-election anticipating he would address his apparent over commitments by reducing his outside responsibilities in the near term and when appropriate.