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16 February 2012

ASX Market Announcements
Australian Securities Exchange Limited
Riverside Centre, Level 5
123 Eagle Street
BRISBANE QLD 4000

QR National – Half Year Report Media Release and Analysts Presentation

Please find attached for immediate release to the market a media release and half year results presentation.

The Half Year Results presentation will be delivered to an analyst briefing which will commence at 10:45am (Brisbane Time). This briefing will be webcast and accessible via the Company's website at www.qrnational.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dominic D Smith
SVP & Company Secretary



ASX / MEDIA ANNOUNCEMENT
16 February 2012

QR National reports lift in half-year earnings

Highlights

- Quality result despite continuing flood impacts
- Underlying Earnings Before Interest and Tax (EBIT)⁽¹⁾ of \$251 million
- Statutory Net Profit After Tax (NPAT) of \$189 million
- Cost management, efficiency gains and revenue quality continue to offset impact of softer coal tonnages in Queensland
- Full year guidance for underlying EBIT of \$578 million unchanged, with coal volumes likely to be at the low end of 200 – 210mt range
- Directors declared an unfranked interim dividend of 3.7 cents per share, which will be paid on 30 April 2012

QR National today announced an 11% increase in underlying EBIT to \$251 million for the half-year ended 31 December 2011.

The Company reported underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$468 million for the period, a 5% increase over the prior corresponding half (HY11: \$446 million) notwithstanding the softer coal volumes.

Revenue of \$1.77 billion rose by 1% compared to the 2011 half-year (\$1.75 billion), and revenue quality continued to improve with above-rail revenue per net tonne kilometre increasing.

Statutory Net Profit After Tax (NPAT) was \$189 million versus \$278 million for HY11, down 32%. This reduction was largely due to the prior comparable period including a significant tax credit of \$281 million which arose on the privatisation. In addition, a provision of \$8.8 million was reversed for HY12 following a favourable stamp duty assessment arising out of the privatisation process.

| Half year ended 31 December (1H) | 2012 | 2011 | Change |
|----------------------------------|-------|-------|--------|
| QR National Group | \$'m | \$'m | % |
| Revenue | 1,767 | 1,748 | 1 |
| Underlying EBITDA | 468 | 446 | 5 |
| Underlying EBIT | 251 | 226 | 11 |
| Statutory NPAT | 189 | 278 | (32) |
| Statutory EPS (CPS) | 7.8 | 12.4 | (37) |

QR National Managing Director & CEO Lance Hockridge said:

“This is a quality result in challenging circumstances and builds on the momentum achieved by the Company over the past financial year. We continue to improve the efficiency of the business as well as lifting revenue quality,” he said.

“The Company’s focus on execution and business reform has delivered solid first half earnings growth despite a tough macro environment dominated by the lingering impacts of the Queensland floods on mine outputs and haulage volumes.

“QR National also delivered on major investment growth projects, namely the signing of the Wiggins Island Rail agreement (27mtpa capacity) in September and the commissioning of the Northern Missing Link as part of the Goonyella to Abbot Point Expansion (33mtpa capacity).

“Safety performance continues to improve markedly. The Lost Time Injury Frequency Rate at December 2011 showed a 44% improvement over the 12 months to December 2010.”

Capital investment during the period totalled \$609 million including \$236 million on the GAP Expansion project, which was opened for rail operations in December 2011, and \$148 million in major above-rail growth assets.

With net debt of \$919 million at 31 December 2011 and gearing at 11%, the Company has a strong balance sheet and credit ratings heading into the next growth phase for bulk commodities.

The Directors declared an unfranked interim dividend of 3.7 cents per share, which will be paid on 30 April 2012 to shareholders on the register at the record date of 1 March 2012.⁽²⁾

While Queensland coal tonnages decreased 7% on the prior comparable period, this was balanced by a 34% increase in New South Wales coal volumes, for a net 2% reduction to 98 million tonnes. Revenue in the coal haulage business was up 6% and EBIT up 38%.

Coal railings in Queensland continued to reflect a steady recovery from the 2011 floods, however, other factors such as production issues and industrial disputes at some mines contributed to overall softer tonnages for the period, and some continuing uncertainty for the balance of the financial year.

Growth Projects

QR National advanced its program of major capital projects during the half-year, including the Goonyella to Abbot Point Expansion, the Blackwater Electrification Project and new Hunter Valley Rollingstock.

In addition, QR National signed an agreement with a consortium of eight coal companies in September 2011 to construct the Wiggins Island Rail Project to a new export terminal at Gladstone and commenced the Hay Point 11 million tonne expansion project.

“Our committed expansions are delivering an extra 71 million tonnes of rail capacity over the next three years. This means QR National’s Central Queensland Coal Network will have the capacity to move up to 300 million tonnes of coal per annum by 2015,” Mr Hockridge said.

“In December 2011 we opened the Northern Missing Link, bridging the 69 kilometre gap between the Goonyella and Newlands rail systems. It supports the increase in capacity on the Newlands system of up to 50 million tonnes per year and provides the platform for potential future expansions of 200 million tonnes and more on this corridor.”

Mr Hockridge said the Company continued to evaluate potential rail infrastructure opportunities in Western Australia’s Pilbara and the emerging Galilee coal basin in Queensland.

In January 2012, QR National’s infrastructure proposal for the Galilee Basin was declared a “significant project” by the Queensland Government, allowing community and stakeholder engagement to commence on an Environmental Impact Statement for the project.

Business Unit Performance

| Underlying EBIT | HY12 \$'m | HY11 \$'m | Change \$'m | Change % |
|------------------|--------------|--------------|----------------|-------------|
| Network Services | 156 | 169 | (13) | (8) |
| Coal | 139 | 101 | 38 | 38 |
| Freight | 29 | 15 | 14 | 97 |
| Other | (73) | (59) | (14) | (24) |
| Total | 251 | 226 | 25 | 11 |

Network Services

First half revenue of \$595 million and underlying EBIT of \$156 million were down on the prior corresponding half by 7% and 8% respectively. This reduction in revenue was primarily due to reduced Rollingstock and Infrastructure Services revenue driven by lower rollingstock fleet maintenance requirements and lower external project work primarily for Queensland Rail. The reduction in EBIT was due to lower network volumes and track maintenance being brought forward in advance of volume recovery.

The continued delayed recovery from the 2011 wet season reduced railings across the network to 87 million tonnes, down 7% from 93 million tonnes in HY11. Though tonnages were down, access revenue for the Central Queensland Coal Network remained stable due to the flow through of higher tariffs.

Coal

Despite weaker flood-related volumes, higher revenue rates increased first half revenue by 6% to \$950 million (HY11: \$895 million) and revenue per NTK (net tonne kilometre) by 9%. Underlying EBIT increased by 38% due to stronger above rail revenue rates, receipt of contract performance payments, reduced labour costs and reduced maintenance costs.

In addition, a detailed review of the fleet including overhaul and maintenance practice has led to extensions in previously conservatively based useful lives of some locomotives which contributed \$15 million to the result. This is now aligned to the practice of our peers in the rail sector.

Freight

Revenue of \$732 million was up 7% on HY11 (\$686 million). Underlying EBIT was \$29 million, up from \$15 million in the prior corresponding half. Higher volumes in Queensland were partially offset by the delayed grain harvest in Western Australia.

Outlook

Mr Hockridge said QR National remained optimistic about the medium-term outlook for the resources and bulk commodity sectors and anticipates the continuing improvement in Queensland coal tonnages for the remainder of FY12.

“Our full year guidance for EBIT and tonnages remains unchanged, however, coal tonnages are likely to be at the low end of the 200 – 210mt range and relies on the expected recovery of our customers continuing with minimal disruptions,” he said.

“QR National is well positioned to support our customers’ recovery in the short-term. Over the medium-term, the Company has the execution capability, a strong balance sheet and a pipeline of growth opportunities in our coal and iron ore businesses.

“We’re creating a higher-performing business – a company which uses its suite of assets more efficiently and effectively and also delivers greater value for customers and shareholders.”

For more information:

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Footnotes:

- 1 The statutory results included in the half-year financial report are prepared in accordance with IFRS. The underlying results remove the impact of significant items from the statutory results.

Income statement

To provide clarity into the underlying performance of the Company, we present underlying results which exclude any significant items. A reconciliation of underlying EBIT to statutory EBIT is set out below. Underlying EBIT is a measure used internally and in our Investor presentations.

| EBIT | HY12 \$'m | HY11 \$'m |
|--------------------|--------------|--------------|
| Statutory EBIT | 260 | 131 |
| Significant items: | | |
| Employee benefits | - | 57 |
| Restructure costs | (9) | 38 |
| Underlying EBIT | 251 | 226 |

- 2 The conduit foreign income component of the dividend is nil.



INTERIM RESULTS 2012

Lance Hockridge – MD & CEO

Deborah O'Toole – EVP & CFO

16 February 2012

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AGENDA

- ▶ **Company update**
Lance Hockridge, Managing Director and CEO
- ▶ **Financial Overview**
Deborah O'Toole, Executive Vice President and CFO
- ▶ **Medium to Long Term Outlook**
Lance Hockridge, Managing Director and CEO
- ▶ **Questions and Answers**

FY12 HALF YEAR PERFORMANCE

LANCE HOCKRIDGE – MD & CEO



HY12 CONTINUES DELIVERY AND MOMENTUM

QUALITY RESULT IN A CHALLENGING ENVIRONMENT

- ▶ Revenue of \$1.8bn – up 1% on HY11
- ▶ Underlying EBIT of \$251m – up 11% on HY11
- ▶ Coal volumes of 97.5mt – down 2% on HY11
- ▶ Statutory NPAT of \$189m versus \$278m in HY11 due to \$281m tax benefit
- ▶ Interim dividend of 3.7c declared⁽¹⁾

TRANSFORMATION MOMENTUM CONTINUES

- ▶ Safety performance improvement - LTIFR of 2.64 compared with 4.72 in HY11
- ▶ Revenue quality continues with Group Revenue/NTK of 55.4 – up 4% on HY11
- ▶ Functional organisational structure implementation commenced 1st December 2011
- ▶ Transformation benefits driving improvement in operating ratio

STRONG COMMITMENT TO GROWTH

- ▶ Northern Missing Link project opened ahead of time
- ▶ WIRP project agreement signed
- ▶ ~9mtpa of new coal volumes contracted
- ▶ Hunter Valley growth – volumes up 34% on HY11
- ▶ Iron ore on track to deliver ~30mtpa in 2014
- ▶ CQCS Network capacity to increase to ~300mtpa by 2015

(1) the conduit foreign income component of the dividend is nil

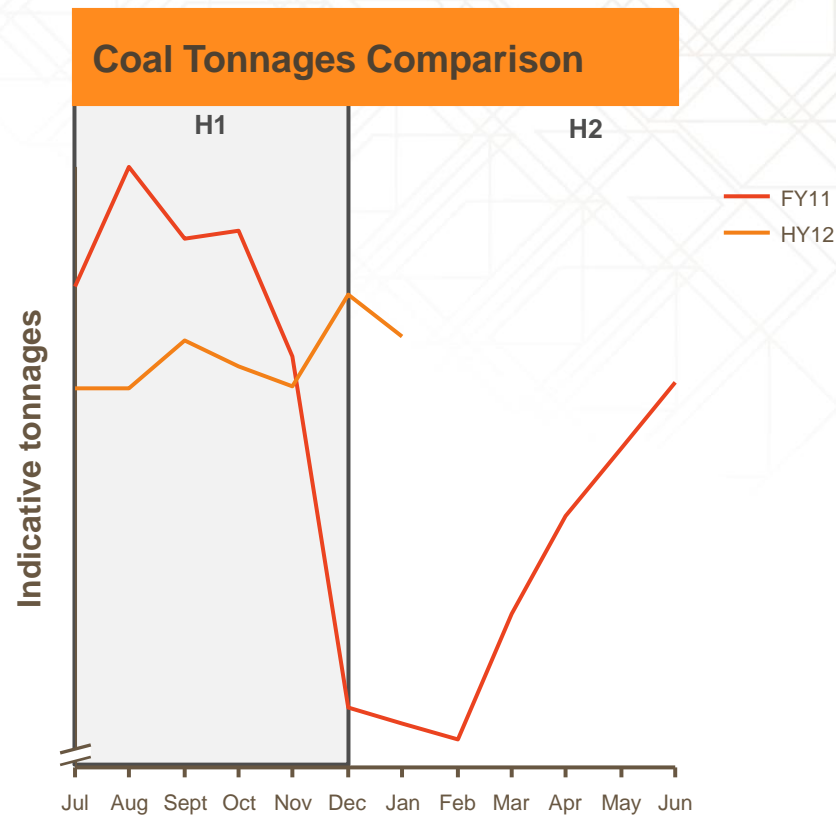
FINANCIAL HIGHLIGHTS

| | HY12 | HY11 | Variance |
|--------------------------------------|-------------|-------------|-----------------|
| | \$m | \$m | % |
| Revenue | 1,767 | 1,748 | 1% |
| Underlying EBITDA | 468 | 446 | 5% |
| Statutory EBIT | 260 | 131 | 98% |
| Underlying EBIT | 251 | 226 | 11% |
| Statutory NPAT ⁽¹⁾ | 189 | 278 | (32%) |
| Underlying NPAT | 168 | 71 | >100% |
| Statutory EPS (cps) | 7.8 | 12.4 | (37%) |

(1) HY11 included \$281m tax benefit

PERFORMANCE METRICS ROBUST ON REDUCED VOLUMES

| QR National Group Operating metrics | HY12 | HY11 |
|---|-------|-------|
| Revenue / NTK (A\$/000 NTK) | 55.4 | 53.5 |
| Labour Costs / Revenue | 31.7% | 32.3% |
| NTK/employee (MNTK) | 7.0 | 6.9 |
| Opex ⁽¹⁾ / NTK (A\$/000 NTK) | 47.5 | 46.6 |
| EBITDA Margin | 26% | 26% |
| Operating Ratio ⁽²⁾ | 86% | 87% |
| ROIC ⁽³⁾ | 4.6% | 4.5% |
| NTK (bn) | 31.9 | 32.6 |
| Tonnes (m) | 130.4 | 132.3 |
| People | 9,051 | 9,502 |



- (1) Opex defined as operating expense including depreciation and amortisation
- (2) Operating ratio defined as (1 - EBIT margin)
- (3) ROIC – calculated using 12-month trailing EBIT and comparative number represents year ended 30 June 2011

HY12 DELIVERING AGAINST STRATEGY

Strategy

Transformation

- ▶ Safety
- ▶ Commercial outcomes
- ▶ Customer service
- ▶ Performance improvement
- ▶ Cost reductions
- ▶ Asset utilisation
- ▶ Company-wide cultural change
- ▶ Attract, develop and retain the right people
- ▶ Up-skill workforce

Growth

- ▶ Contract wins
- ▶ Revenue growth
- ▶ Diversification
- ▶ Invest in infrastructure and above-rail assets
- ▶ Balance sheet and funding requirements



Execution

Transformation

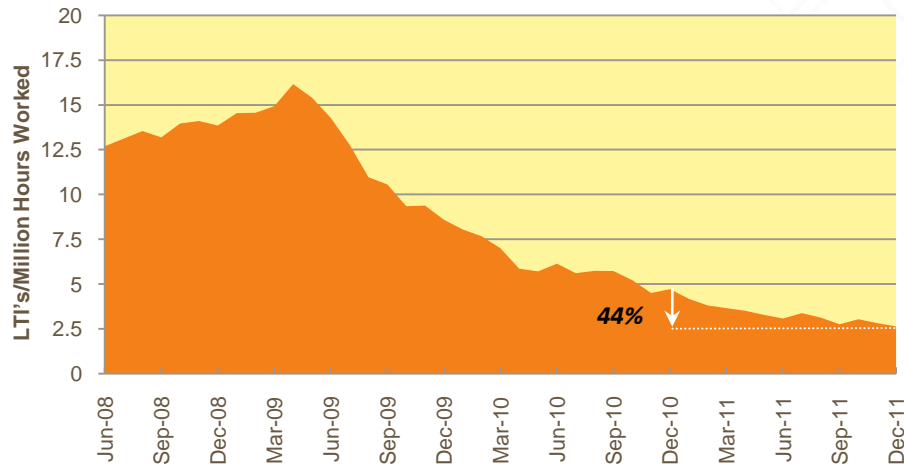
- ▶ Safety performance continues to improve with LTIFR down 44%
- ▶ 35% of coal volumes on performance based contracts at 31st Dec 2011
- ▶ Coal Revenue/NTK +9% on HY11
- ▶ WIRP negotiated at commercial returns
- ▶ GAP tonnages commenced 19 December 2011
- ▶ Reliability Centred Maintenance Program has delivered improved availability and reliability
- ▶ Network's Advanced Capital Upgrade Program has led to reduction in delays and faults, thus improving reliability and customer service delivery
- ▶ New functional structure implementation commenced 1st December 2011

Growth

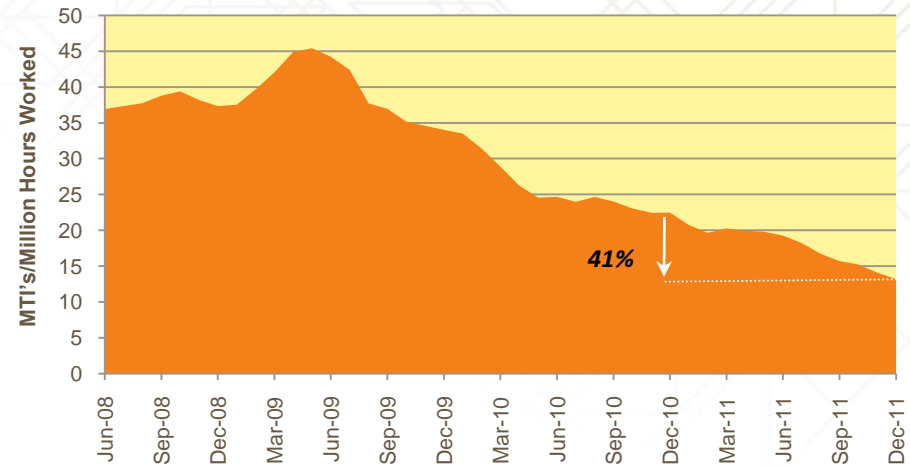
- ▶ ~9mtpa of new coal contracts at commercial returns
- ▶ NSW Hunter Valley performance remains strong with 34% uplift in volumes on HY11
- ▶ Iron ore volumes on track to deliver ~30mtpa by FY14
- ▶ Projects under construction will increase CQCS capacity to ~300mtpa by 2015
- ▶ Queensland Government declared the Central Queensland Integrated Rail Project (CQIRP) a "significant project"
- ▶ Installed above rail capacity in place to meet increased demand following volume recovery

SAFETY – LEAD INDICATOR FOR PERFORMANCE

Lost Time Injury Frequency Rate (LTIFR)

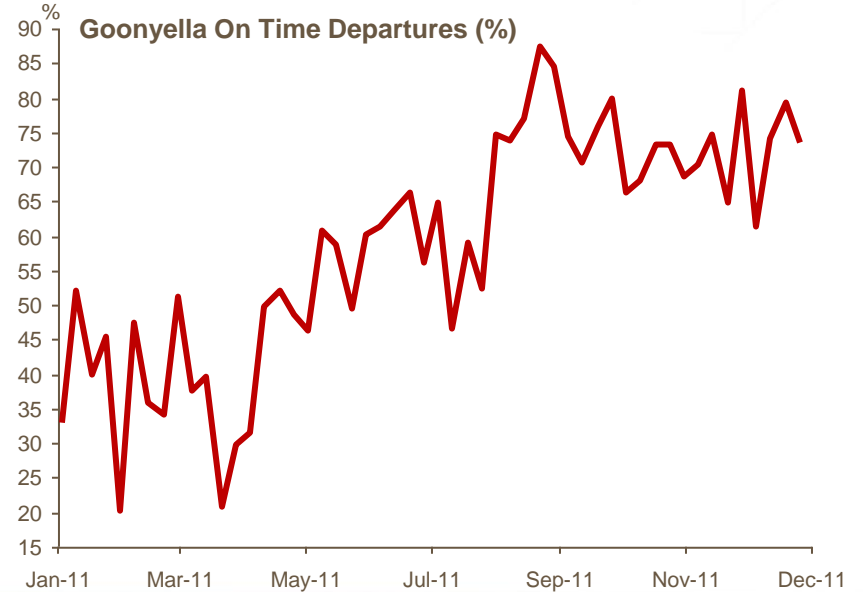
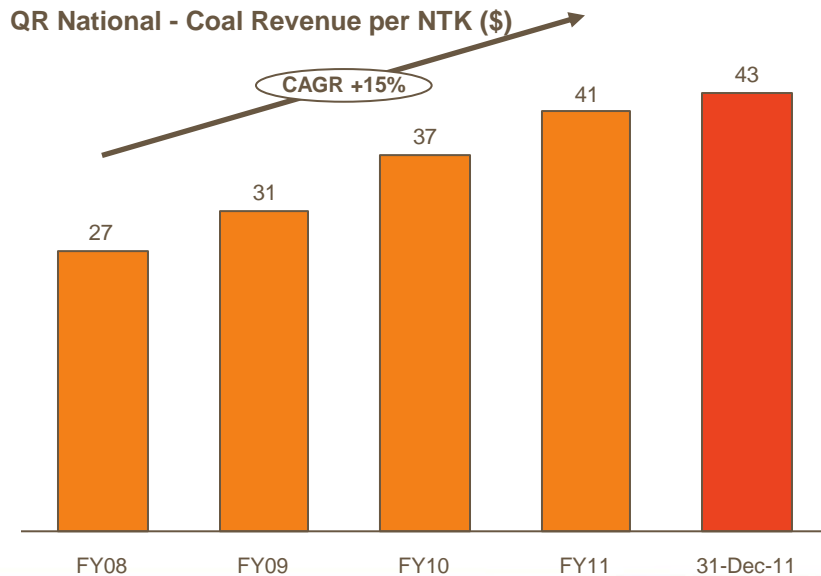
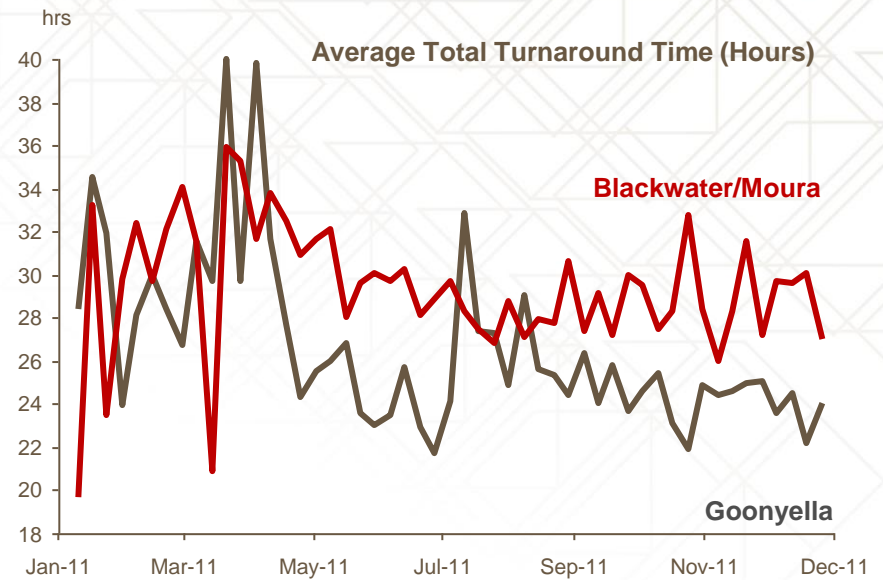
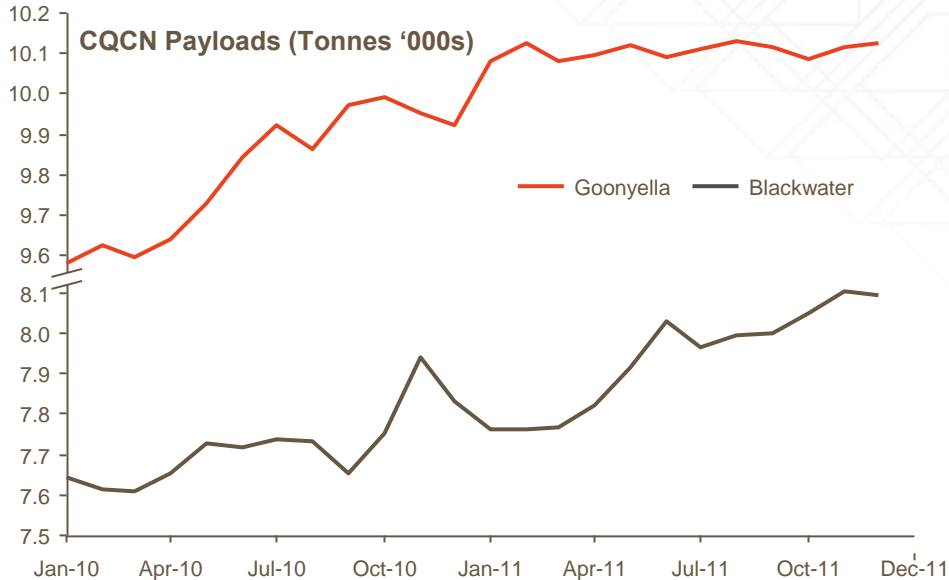


Medically Treated Injury Frequency Rate (MTIFR)



- ▶ Improvements in safety demonstrate our operating discipline
- ▶ LTIFR 2.64
- ▶ MTIFR 13.21
- ▶ Signals Passed At Danger (SPAD) rate decreased 26% to 1.51 since HY11
- ▶ *ZEROHarm* – the culture that accepts that all injuries are preventable
- ▶ Focus on prevention through strong leadership and proactive risk management

FOCUS ON PRODUCTIVITY AND SERVICE IMPROVEMENT



NEW FUNCTIONAL STRUCTURE UNDERPINS COMPANY-WIDE FOCUS ON CUSTOMER SERVICE

- ▶ Functional organisational structure aligns with global best practice
- ▶ Implementation commenced 1st December 2011
- ▶ The new structure will be a critical enabler in delivering customer service excellence
- ▶ Aligns operational focus and customer service
- ▶ Cost efficiencies and productivity gains expected through greater integration and collaboration
- ▶ Productivity gains will contribute to revenue quality improvements
- ▶ Management structure to accelerate the momentum of reform in the Company

NETWORK INVESTMENT FOR GROWTH



LEGEND

- Queensland Rail Network
- QR National Network
- ▭ Newlands System
- ▭ Goonyella System
- ▭ Blackwater System
- ▭ Moura System
- proposed multi-user rail
- ⚓ Coal Export Port
- ▭ Coal Basins
- ▴ Maintenance Depots
- ◆ Rollingstock Workshops
- Offices

- ▶ **Abbot Point**
▶ plus 33mtpa
- ▶ **Hay Point**
▶ plus 11mtpa
- ▶ **Gladstone (Wiggins Island)**
▶ plus 27mtpa

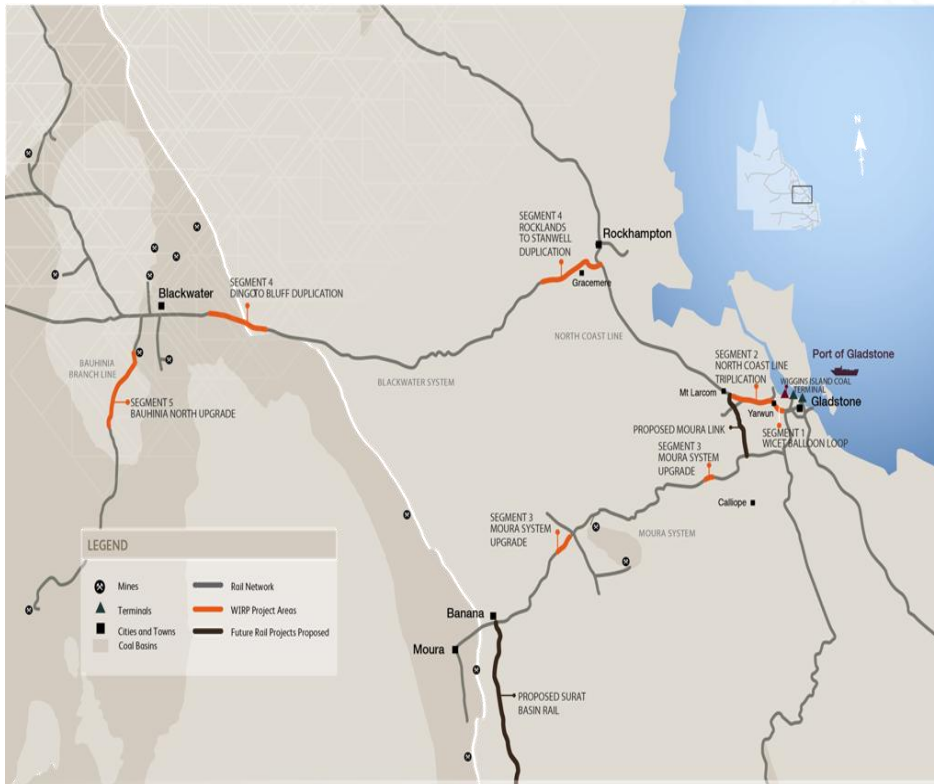
NORTHERN LINK OPENS UP MAJOR GROWTH CORRIDOR



First coal train to cross the Northern Link on 19 December 2011

- ▶ Northern Link (69kms of new rail) completed ahead of time
- ▶ The GAP Project will deliver:
 - a major upgrade and expansion of existing Newlands Coal System
 - supports the 33mtpa increase in capacity on the Newlands system bringing total system capacity to 50mtpa
 - potential expansions to 200mtpa and more

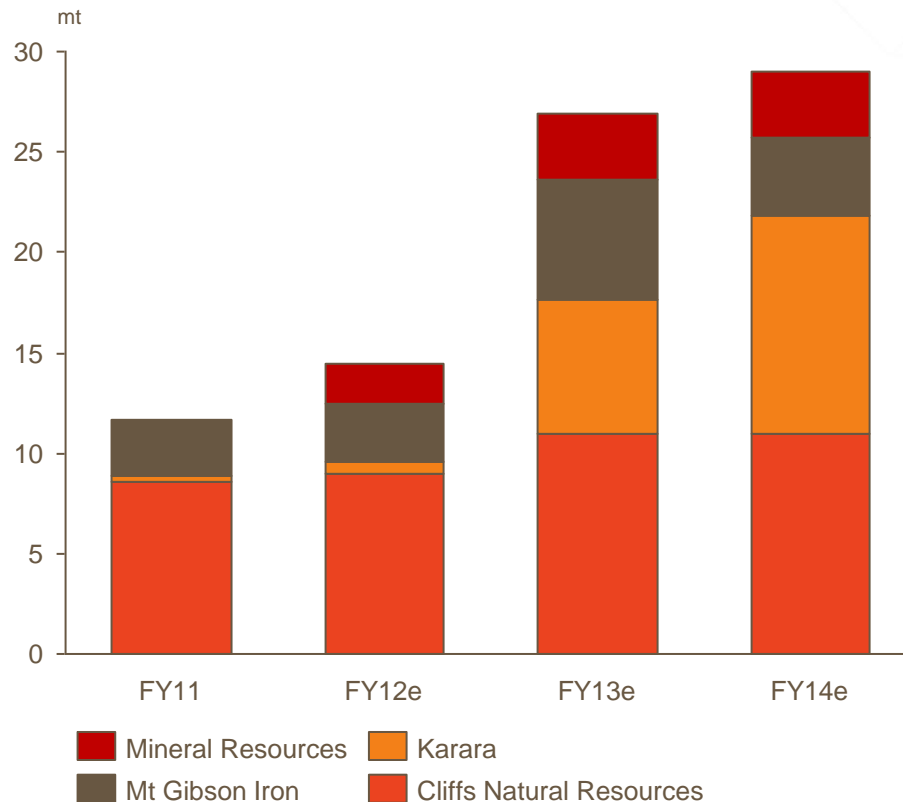
WIGGINS ISLAND RAIL PROJECT AGREEMENT SIGNED



- ▶ A significant rail infrastructure investment servicing a new export terminal at Gladstone
- ▶ Early works in advance of construction commenced February 2012, with first railings scheduled mid-2014
- ▶ Additional 27mtpa of capacity created, representing a 30% increase in haulage in the southern Bowen Basin coal region
- ▶ Aligns with time frames for the proposed coal export terminal and the development of new mines
- ▶ Negotiated at commercial terms

DIVERSIFICATION THROUGH IRON ORE

Iron Ore Growth Profile



- ▶ Tracking to our target of ~30mtpa by 2014
- ▶ Iron Ore customers include:
 - Karara Mining Ltd: up to 10.8mtpa⁽¹⁾ for ten years – commenced 15 Jan 2012
 - Cliffs: volume increase from 8.5mtpa to 11mtpa – commencing March 2012
 - Mt Gibson Iron:
 - 3mtpa from Tallering Peak – operational since 2004 through to 2014
 - 3mtpa from Extension Hill – commenced December 2011
 - Mineral Resources: up to 4mtpa – commenced October 2011

(1) Magnetite shipments of 8.8mtpa and 2.0mtpa for DSO

FY12 FINANCIAL PERFORMANCE

DEBORAH O'TOOLE - EVP & CFO



FINANCIAL PERFORMANCE SUMMARY

EBIT IMPROVEMENT ON HY11

- ▶ HY12 underlying EBIT of \$251m up 11% on HY11
- ▶ Network Services underlying EBIT of \$156m down 8% due to lower network volumes
- ▶ Coal underlying EBIT of \$139m up 38% on HY11 despite lower volume
- ▶ Freight underlying EBIT of \$29m up 97% on HY11 with higher revenues and continued cost and efficiency improvements

BALANCE SHEET REMAINS STRONG

- ▶ Low gearing of 11% provides capacity to fund future growth
- ▶ Committed debt facility capacity in excess of \$2bn
- ▶ Investment grade credit ratings of BBB+ (S&P) and Baa1 (Moody's) maintained

CASH FLOW PERFORMANCE

- ▶ Underlying net operating cash flow of \$457m in the first half
- ▶ Cash conversion remains strong
- ▶ Nil cash tax payable in HY12

QUALITY RESULT IN A CHALLENGING ENVIRONMENT

| Financial | | |
|---|------------|--------------|
| Revenue (\$m) | 1,767 | +1% |
| Underlying EBITDA (\$m) | 468 | +5% |
| Underlying EBIT (\$m) | 251 | +11% |
| Statutory EBIT (\$m) | 260 | +98% |
| Underlying NPAT (\$m) | 168 | >100% |
| Statutory NPAT⁽¹⁾ (\$m) | 189 | (32%) |
| Statutory EPS (cps) | 7.8 | (37%) |
| | | |
| Underlying EBIT by Division | | |
| Network Services (\$m) | 156 | (8%) |
| Coal (\$m) | 139 | +38% |
| Freight (\$m) | 29 | +97% |
| Other (\$m) | (73) | (24%) |
| Group (\$m) | 251 | +11% |

| Key Metrics | | |
|---|-------|-------|
| Volumes | 130.4 | (1%) |
| Revenue / NTK (A\$/000 NTK) | 55.4 | +4% |
| Labour Costs / Revenue | 31.7% | +0.6% |
| NTK/employee ⁽²⁾ (MNTK) | 7.0 | +1% |
| Opex ⁽³⁾ / NTK (A\$/000 NTK) | 47.5 | (2%) |
| Operating Ratio ⁽⁴⁾ | 86% | +1% |
| ROIC ⁽⁵⁾ | 4.6% | +0.1% |
| People | 9,051 | (5%) |
| Strong balance sheet | | |
| Total Assets (\$m) | 9,433 | +3% |
| Net Debt (\$m) | 919 | +34% |
| Shareholders equity (\$m) | 7,095 | +1% |
| Gearing ⁽⁶⁾ | 11% | +3% |

(1) HY11 NPAT includes \$281m tax benefit

(2) NTK/Employee using headcount as at 31 December as denominator

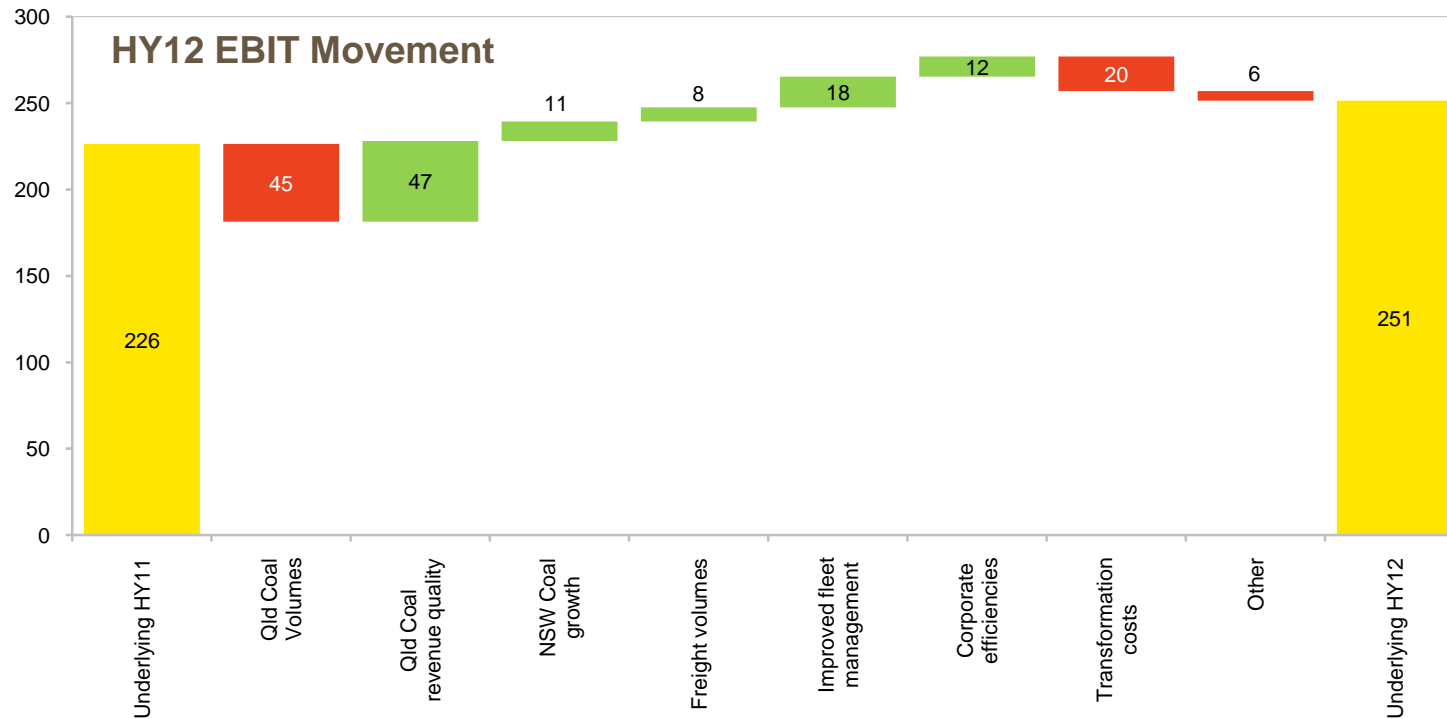
(3) Opex defined as operating expense including depreciation & amortisation

(4) Operating Ratio defined as (1 - EBIT margin)

(5) ROIC – calculated using 12-month trailing EBIT

(6) Gearing = Net debt / (Net Debt + total equity)

IMPROVEMENT vs. HY11



- ▶ The impact of lower QLD coal volumes has been offset through improvements to coal revenue quality via contract renewals, incentives and performance bonuses
- ▶ NSW tonnages increased by 34%
- ▶ The Reliability Centred Maintenance Program achieved maintenance and depreciation savings through improved fleet management
- ▶ Transformation costs reflect ongoing investment in the business to drive future efficiencies and costs associated with restructure

MAJOR COMMITTED CAPITAL PROJECTS

GAP

- ▶ Budgeted capital of \$1.1bn
- ▶ Final commissioning of project on track for June 2012
- ▶ First railings commenced 19 December 2011

WIRP stage 1

- ▶ Budgeted capital ~\$900m
- ▶ Early works in advance of construction commenced February 2012
- ▶ First railings scheduled for mid 2014 and project completion by March 2015

Blackwater Electrification

- ▶ Budgeted capital of \$195m
- ▶ Largest electrical upgrade on the Central Queensland Coal System since 1980s
- ▶ Project remains on schedule for commissioning in H2 of FY12

Hunter Valley Rollingstock

- ▶ Budgeted capital of \$362m
- ▶ Rolling stock investment to support NSW growth

WA Iron Ore

- ▶ Budgeted capital of \$291m
- ▶ Locomotives, wagons and infrastructure for Cliffs and KML contracts tracking to plan

Summary

- ▶ HY12 capital spend of \$609m

INVESTMENT OF OPERATING CASH FLOWS FUNDING FUTURE GROWTH

| Underlying cash flow statement | HY12 \$m |
|--|--------------|
| Operating activities | |
| EBITDA | 468 |
| Other changes in working capital | 22 |
| Net Interest paid | (33) |
| Other non-cash items | 0 |
| Net cash inflow/(outflow) from operating activities | 457 |
| Payments made to acquire assets | (607) |
| Free cash (out) flow | (150) |

| Balance sheet | HY12 \$m |
|-------------------------------|--------------|
| Working capital | (27) |
| Property, plant and equipment | 8,667 |
| Net debt | (919) |
| Other | (626) |
| Net assets | 7,095 |

| Facilities | HY12 \$m |
|---------------------------------|-------------|
| \$3bn Debt Facility Utilisation | 975 |
| Capitalised Establishment Fees | (23) |
| Cash | (33) |
| Net Debt | 919 |
| Gearing⁽¹⁾ | 11% |

NB: Based on underlying earnings

(1) Gearing = Net debt / (Net Debt + total equity)

BUSINESS OVERVIEW

NETWORK SERVICES

| | HY12 | HY11 |
|---------------------------|-------|-------|
| Tonnages (million) | 86.8 | 93.4 |
| NTK (billion) | 21.3 | 22.7 |
| Revenue (\$m) | 595.4 | 642.4 |
| Growth % | (7%) | 21% |
| EBITDA (\$m) | 233.0 | 245.5 |
| Margin % | 39% | 38% |
| EBIT (\$m) | 155.6 | 168.8 |
| Margin % | 26% | 26% |
| Capital Expenditure (\$m) | 349.7 | 304.0 |

| Operating metric | HY12 | HY11 |
|---|-------|--------|
| Access Revenue / NTK (A\$/000 NTK) | 17.1 | 16.0 |
| Maintenance \$ /'000 NTK ⁽¹⁾ | 2.6 | 2.5 |
| NTK / Track km (000's) | 9,138 | 10,049 |
| Operating Ratio | 74% | 74% |

Key Drivers

- Decline in network volumes from reduced coal railings
- Maintenance spend brought forward in advance of volume recovery
- Improved profitability in Services despite lower levels of wagon manufacturing and servicing

NB: Based on underlying earnings

(1) Track maintenance excludes ballast undercutting, derailments repairs, weather event repairs and electric traction maintenance

COAL

| | HY12 | HY11 |
|----------------------------------|--------------|--------------|
| Tonnages (million) | 97.5 | 99.6 |
| NTK (billion) | 22.0 | 22.6 |
| Revenue (\$m) | 949.9 | 895.7 |
| <i>Growth %</i> | <i>6%</i> | <i>3%</i> |
| EBITDA (\$m) | 233.6 | 202.9 |
| <i>Margin %</i> | <i>25%</i> | <i>23%</i> |
| EBIT (\$m) | 139.0 | 100.9 |
| <i>Margin %</i> | <i>15%</i> | <i>11%</i> |
| Capital Expenditure (\$m) | 74.1 | 284.0 |

NB: Based on underlying earnings

| Operating metric | HY12 | HY11 |
|---|-------------|-------------|
| Revenue / NTK (A\$/000 NTK) | 43.2 | 39.5 |
| Opex⁽¹⁾ / NTK (A\$/000 NTK) | 36.9 | 35.1 |
| Operating Ratio⁽²⁾ | 85% | 89% |

Key Drivers

- ▶ Reduced QLD tonnages due to slower than expected recovery from wet weather
- ▶ Above rail revenue continues to increase from new performance based contracts
- ▶ NSW Coal volume growth 34%
- ▶ Improved fleet management has generated savings in maintenance and facilitated a re-set of the useful life of locomotives

(1) Opex defined as operating expense including depreciation and amortisation

(2) Operating ratio defined as (1 - EBIT margin)

FREIGHT

| | HY12 | HY11 |
|----------------------------------|--------------|--------------|
| Tonnages (million) | 32.9 | 32.7 |
| NTK (billion) | 9.9 | 10.0 |
| Revenue (\$m) | 731.8 | 685.4 |
| <i>Growth %</i> | <i>7%</i> | <i>18%</i> |
| EBITDA (\$m) | 62.0 | 43.2 |
| <i>Margin %</i> | <i>8%</i> | <i>6%</i> |
| EBIT (\$m) | 28.5 | 14.5 |
| <i>Margin %</i> | <i>4%</i> | <i>2%</i> |
| Capital Expenditure (\$m) | 166.9 | 90.0 |

| Operating metric | HY12 | HY11 |
|---|-------------|-------------|
| Revenue / NTK (A\$/000 NTK) | 73.8 | 68.5 |
| Opex⁽¹⁾ / NTK (A\$/000 NTK) | 71.0 | 67.0 |
| Operating Ratio⁽²⁾ | 96% | 98% |

Key Drivers

- ▶ Investment in capacity ahead of increases in future iron ore volumes
- ▶ Strong agricultural demand across Australia lifted Bulk results
- ▶ Intermodal contracts coming on line and business performance improvement continuing

NB: Based on underlying earnings

- (1) Opex defined as operating expense including depreciation and amortisation
 (2) Operating ratio defined as (1 - EBIT margin)

FY12 GUIDANCE

- ▶ Coal volumes in HY12 impacted by production issues for our customers including the lingering impacts of the 2011 QLD floods as well as industrial relations issues
- ▶ Our current view is that we will deliver ~200mt – the low end of previous guidance provided. This is subject to normal seasonal rainfall and customers returning to pre-flood production levels
- ▶ FY12 EBIT guidance remains in accordance with the Offer Document with volume downside expected to be offset by delivering through the transformation program
- ▶ FY12 capital expenditure expected to be \$1.1bn due to deferrals of uncommitted projects

MEDIUM TO LONG TERM OUTLOOK

LANCE HOCKRIDGE – MD & CEO

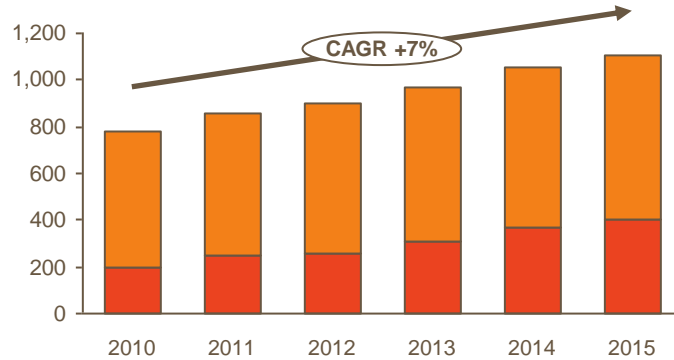


LEVERAGED TO GLOBAL GROWTH SECTORS

Thermal Coal

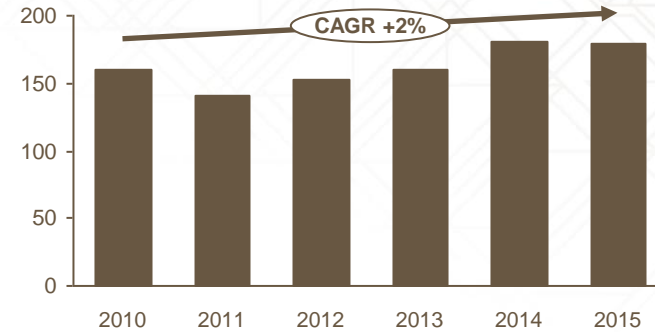
Global thermal coal imports
Million Tonnes

Rest of World
China and India



Metallurgical Coal

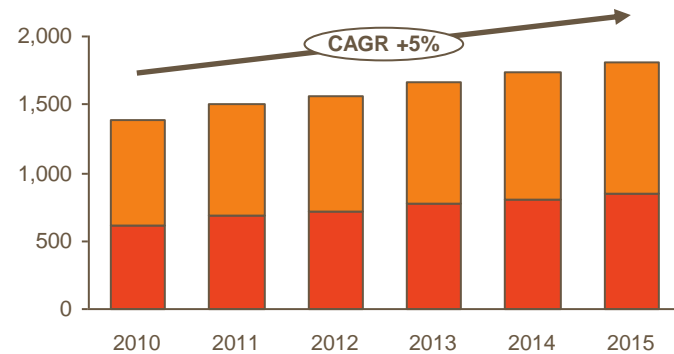
Australian Exports of Metallurgical Coal
Million Tonnes



Crude Steel

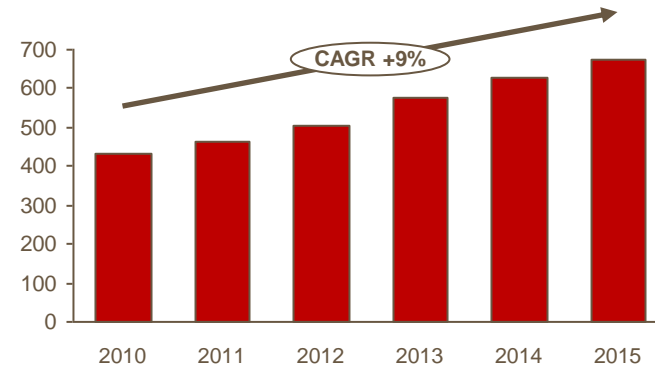
Global crude steel production
Million Tonnes

Rest of World
China



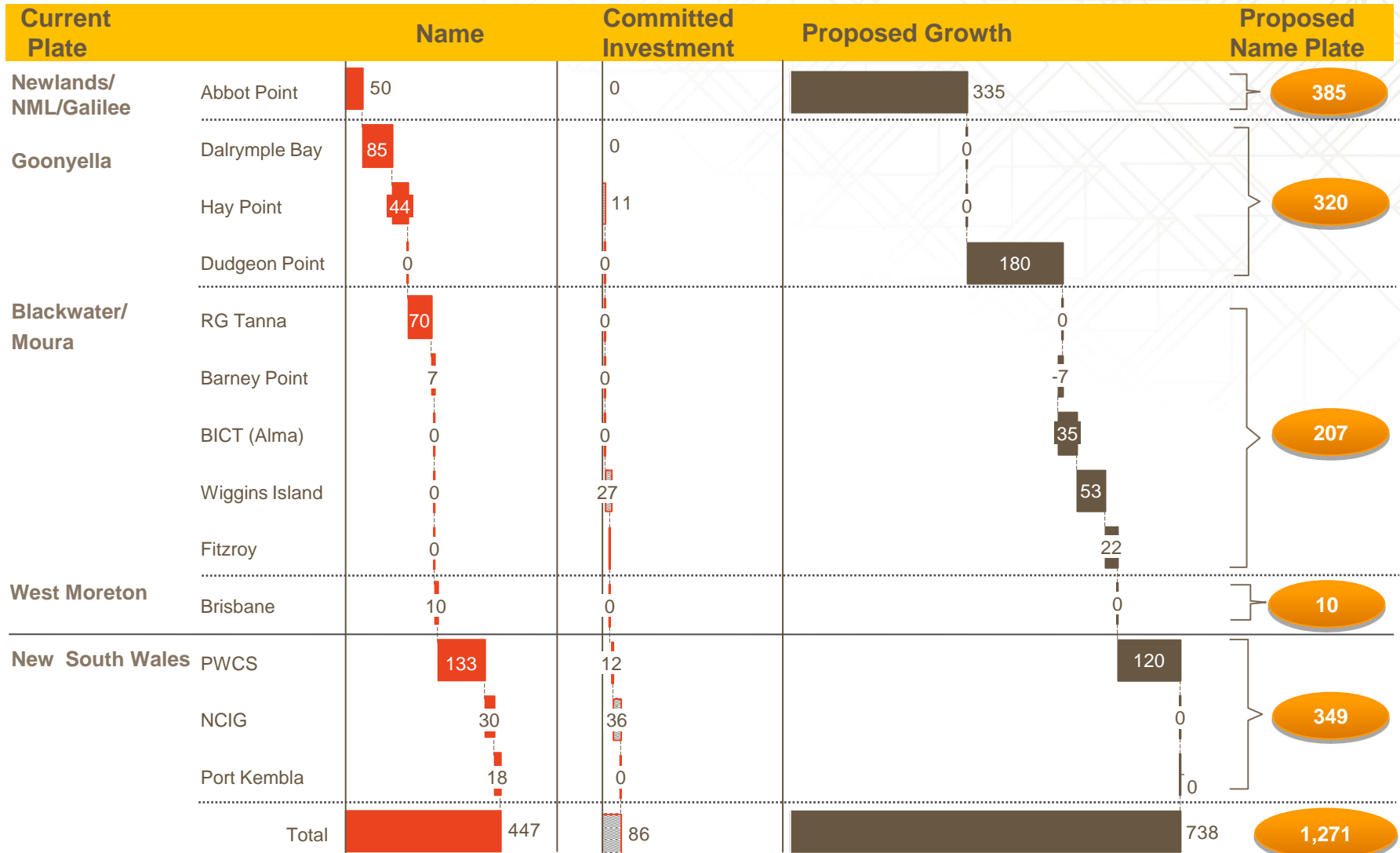
Iron Ore

Australian Exports of Iron Ore
Million Tonnes



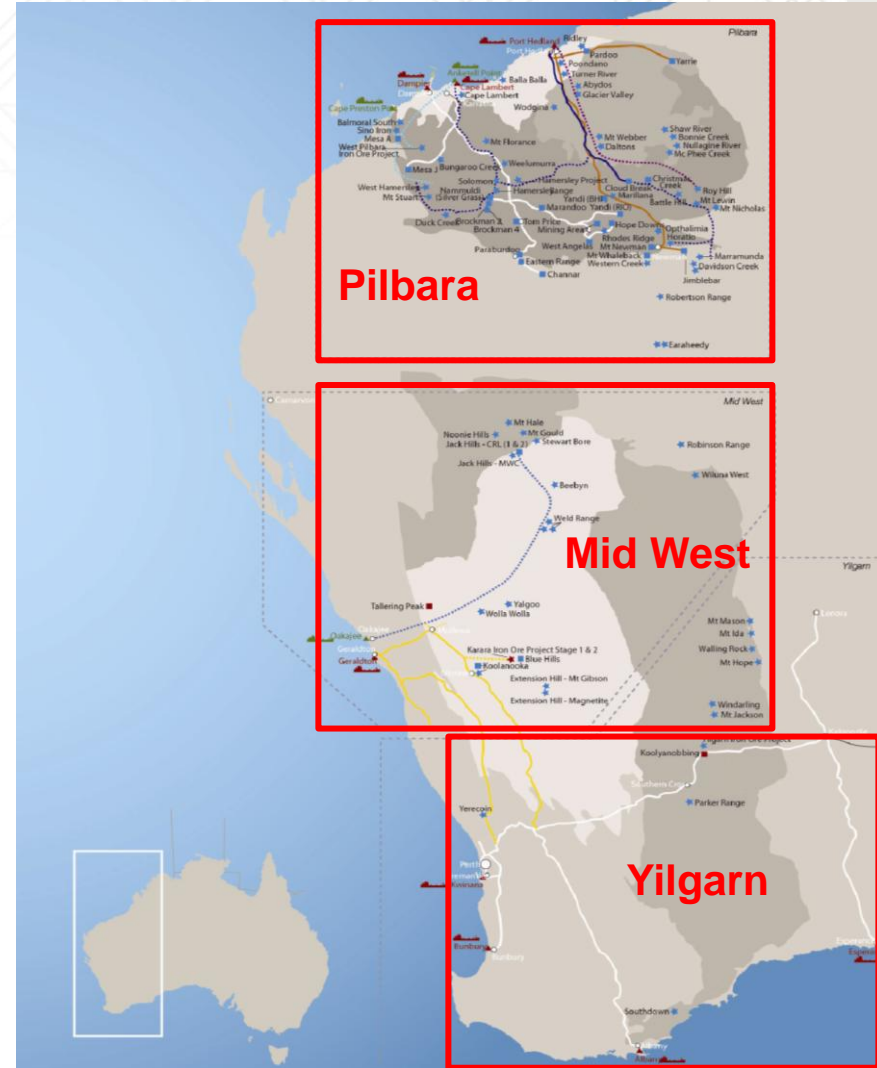
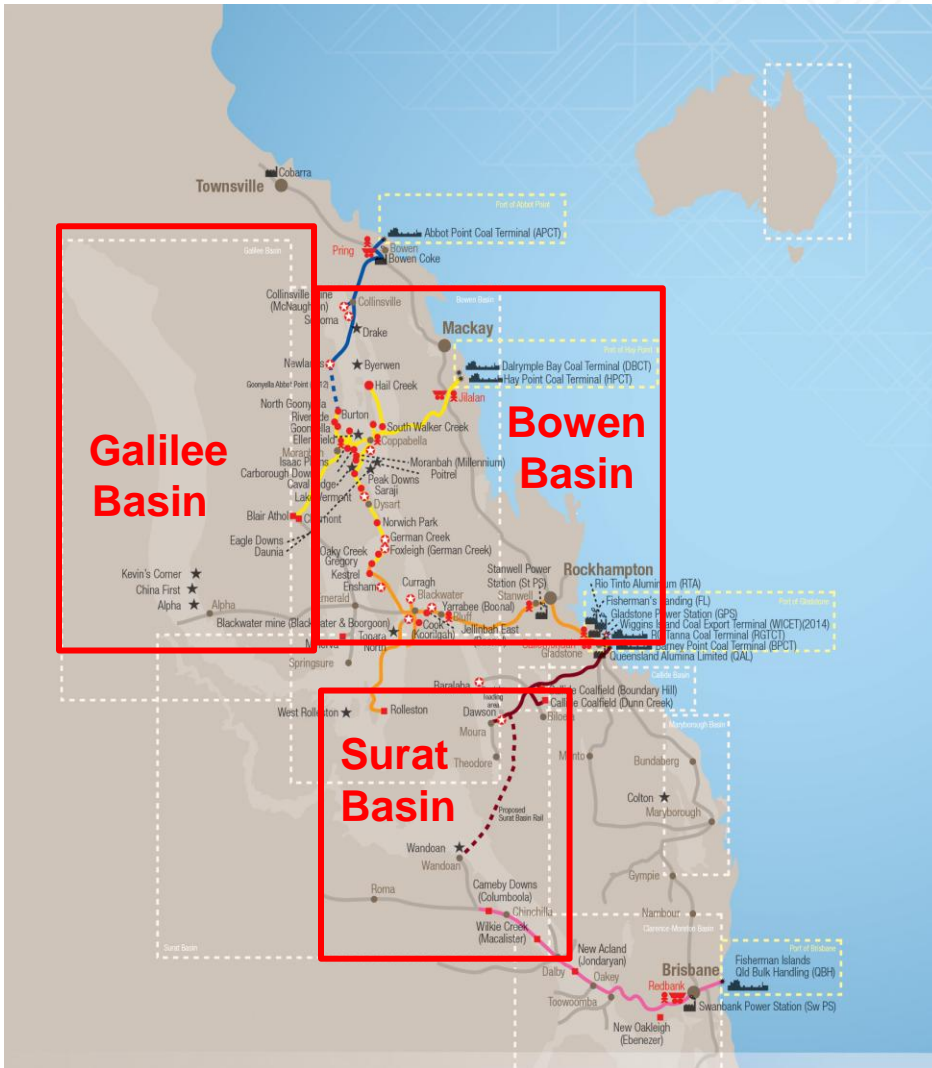
SOURCE: Wood Mackenzie's Coal Market Service – May 2011, Dec 2011 and Jan 2012, CRU Iron Ore Market Service – Jan 2012

PORT CAPACITY POTENTIAL ACROSS AUSTRALIA'S COAL SYSTEMS (MTPA)



Source: BREE, Media releases, Port and government websites, Initial Advice Statements

PROSPECTIVE GROWTH PROJECTS



QUESTIONS

ADDITIONAL SLIDES

RECONCILIATION OF STATUTORY PROFIT & LOSS

| | HY11 | | | HY12 | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Statutory | Underlying | Proforma | Statutory | Underlying | Proforma |
| Statutory EBIT | 131.4 | 131.4 | 131.4 | 260.2 | 260.2 | 260.2 |
| Transaction related costs | - | 95.0 | 95.0 | - | (8.8) | (8.8) |
| Timing related revenue: | | | | | | |
| - 2009 Revenue Cap | - | - | (16.5) | - | - | - |
| - 2011 Revenue Cap | - | - | 21.0 | - | - | - |
| - 2010 DTC | - | - | (5.1) | - | - | - |
| - 2011 DTC | - | - | - | - | - | (21.1) |
| Adjusted EBIT | 131.4 | 226.4 | 225.8 | 260.2 | 251.4 | 230.3 |
| Interest - net finance cost | (125.7) | (125.7) | (125.7) | (14.7) | (14.7) | (14.7) |
| Tax | | | | | | |
| - Income tax (benefit)/expense | 271.8 | 271.8 | 271.8 | (56.2) | (56.2) | (56.2) |
| - Underlying & proforma add back | - | (302.0) | (302.0) | - | (12.2) | (12.2) |
| Adjusted NPAT | 277.5 | 70.5 | 69.9 | 189.3 | 168.3 | 147.2 |

RECONCILIATION OF STATUTORY PROFIT & LOSS

FY11 vs FY12 Half Year Profit & Loss

| \$Am | HY11 | | | HY12 | | |
|------------------------------------|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | Underlying result | Significant items | Actual | Underlying result | Significant items | Actual |
| Revenue | 1,747.6 | 0.0 | 1,747.6 | 1,766.9 | 0.0 | 1,766.9 |
| Consumables ⁽¹⁾ | (745.9) | 0.0 | (745.9) | (720.8) | 0.0 | (720.8) |
| Employee benefits expense | (551.0) | (57.2) | (608.2) | (558.0) | 0.0 | (558.0) |
| Other expenses | (3.9) | (37.8) | (41.7) | (18.9) | 8.8 | (10.1) |
| Interest income (add back) | (1.2) | 0.0 | (1.2) | (1.5) | 0.0 | (1.5) |
| EBITDA | 445.6 | (95.0) | 350.6 | 467.7 | 8.8 | 476.5 |
| EBIT | 226.4 | (95.0) | 131.4 | 251.4 | 8.8 | 260.2 |
| Net finance cost | (125.7) | 0.0 | (125.7) | (14.7) | 0.0 | (14.7) |
| Tax expense | (30.2) | 302.0 | 271.8 | (68.4) | 12.2 | (56.2) |
| NPAT | 70.5 | 207.0 | 277.5 | 168.3 | 21.0 | 189.3 |
| EPS (cps) | 3.1 | 9.3 | 12.4 | 6.9 | 0.9 | 7.8 |
| EBIT breakdown by division: | | | | | | |
| QRN Network Services | 168.8 | (1.8) | 167.0 | 155.6 | 0.0 | 155.6 |
| QRN Coal | 100.9 | 0.0 | 100.9 | 139.0 | 0.0 | 139.0 |
| QRN Freight | 14.5 | 0.0 | 14.5 | 28.5 | 0.0 | 28.5 |
| Other | (57.8) | (93.2) | (151.0) | (71.7) | 8.8 | (62.9) |

(1) Consumables expenditure includes fuel costs, access costs payable to third parties, and expenditure of general repairs and maintenance and administrative supplies

KEY PRIORITIES FOR DRIVING PERFORMANCE EXCELLENCE



GALILEE BASIN



- ▶ The proposed Central Queensland Integrated Rail Project granted a project of “State Significance” on 27 January 2012
- ▶ Multi-user access, combining “brownfield” and “greenfield” solutions servicing the Central and South Galilee Basin
- ▶ The Galilee Basin has at least five major coal mines proposed with a combined capacity of more than 200mtpa of thermal coal



LEGEND

- Upgrading existing rail corridor
- New Greenfield rail corridor not previously investigated
- Greenfield rail corridor under investigation by others
- Existing Railways and Northern Missing Link

Source: CQIRP Initial Advice Statement 5 December 2011.

SURAT BASIN JOINT VENTURE



- ▶ The “Southern Missing Link” - a 214 kilometre railway that will enhance the existing coal rail network
- ▶ The open-access, multi-user rail link between Wandoan and Banana is key to strategic development, unlocking approximately 5.4bn tonnes of coal reserves
- ▶ Connecting to the Wiggins Island Coal Export Terminal
- ▶ JV comprising ATEC, Xstrata Surat and QR National

LEGEND

| | | |
|--|--|---|
| <p>Iron ore mine type</p> <ul style="list-style-type: none"> ★ Mine under construction ◻ Operating mine ● Deposit ● Township ▬ Coal export terminal 90 000dwt (maximum vessel size) | <p>Coal Measures</p> <ul style="list-style-type: none"> ■ Bowen Basin ■ Callide Basin ■ Ipswich Basin ■ Maryborough Basin ■ Clarence-Moreton Basin | <ul style="list-style-type: none"> ■ Mulgildie Basin ■ Surat Basin ■ Tarong Basin ▬ Railway ▬ Proposed Railway |
|--|--|---|

Source: <http://suratbasinrail.com.au/>