

## **Significant restructuring results in a \$487m profit for Aurizon**

Heavy freight company, Aurizon (formerly QR Rail) posted a \$487 million profit earlier today on the back of another two senior executives departing.

“Executive Vice President Business Development, Ken Lewsey, and Executive Vice President Business Sustainability, Greg Robinson will leave their roles as part of a smaller, refocused executive management team,” said Managing Director and CEO, Lance Hockridge.

This follows more than two years of restructuring that has seen 10 truck depots closed in Queensland, several senior management changes, and 960 employee redundancies.

“We have lifted the intensity of work in cutting costs, driving productivity, and lifting revenue quality,” said Hockridge, adding that if the company was to achieve the 75 percent operating ratio target for 2015, there would be even more cuts made.

However, it is not only cost-cutting that is responsible for the 16 percent jump in after tax profits.

Despite a tough economic climate, Aurizon were able to secure significant new contracts for 2013.

“The Coal, Iron Ore, and Network businesses performed well during the year in a tough environment,” said Hockridge, of a year impacted by flood-related interruptions, a major derailment and industrial disputes at mines.

Iron Ore was the standout performer in terms of increased tonnage and profitability, with a large increase (82 percent) in iron ore haulage in Western Australia.

These increases enabled the company to deliver \$981 million in capital investments for 2013, with \$622 million on growth projects including Wiggins Island Rail Project and Hay Point Expansion.

On the flip side, the combination of cost-cutting and increases in revenue also resulted in Hockridge receiving a 34 percent rise in total package, making him one of Australia’s highest paid executives.

In looking to the future, Aurizon is confident they can sustain long-term growth in the resource sector, but expect it to be at more moderate levels, with smaller increases in coal and iron ore haulage in 2014.

“Aurizon is in a strong position as we start the next stage of transformation,” said Hockridge. “We’re a far more agile, resilient and customer-focused business than we were three years ago. Our operational and financial metrics are tracking strongly and we’re securing further high-return growth opportunities to enhance longer-term earnings.”