



THE TOTAL INTEGRATED LOGISTICS SOLUTION

Toll Holdings Limited

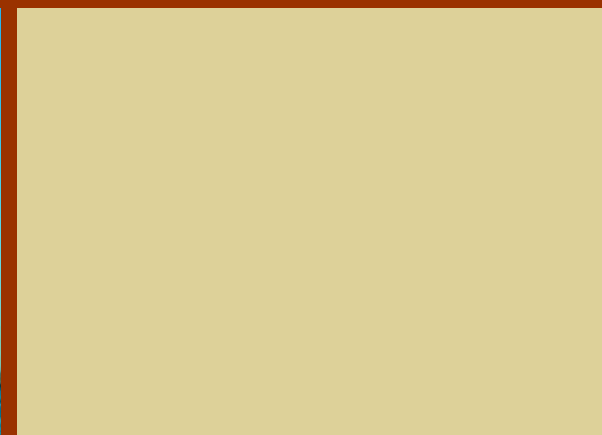
**Half Year Results - December 2003
Presentation
Melbourne**

24 February 2004

**Paul Little - MD
Neil Chatfield - CFO**



Our Vision
To be the most successful provider of
integrated total logistics solutions
to industry





Agenda

- Strategic Highlights Paul Little
- Financials Neil Chatfield
- Business Performances Paul Little
- Growth Platform Paul Little
- Current Trading / Outlook Neil Chatfield





Strategic Highlights





Strategic highlights

- Record earnings
- Excellent underlying growth and contract wins
- Acquisition integration on plan
- Tranz Rail acquisition
- Pacific National delivering
- Strategic direction maintained and paying dividends





Financials





Earnings highlights – December 2003

▪ Record profit after tax	↑ 51%	to	\$ 85.2 m
▪ Record EBIT*	↑ 48%	to	\$105.0 m
▪ EBIT margin*	↑ 15%	to	6.6 %
▪ Revenue*	↑ 28%	to	\$ 1.6 b
▪ PNL equity share	↑ 34%		\$ 17.3 m
▪ Gearing			33 %

*Excludes share of Pacific National





Composition of Earnings – December 2003

\$Am	Base Operations	Tranz Rail	Sub- Total	Pacific Nat (50% share)	Total
EBIT	88.1	16.9	105.0	33.6	138.6
Net Interest	7.6	4.3	11.9	10.0	21.9
Tax	22.9	-	22.9	6.3	29.2
Minority Interests	0.4	1.9	2.3	-	2.3
NPAT	57.2	10.7 *	67.9	17.3 *	85.2

*Excludes funding cost of original acquisition which is included in the base operations.



Tranz Rail Earnings Composition – Dec 2003

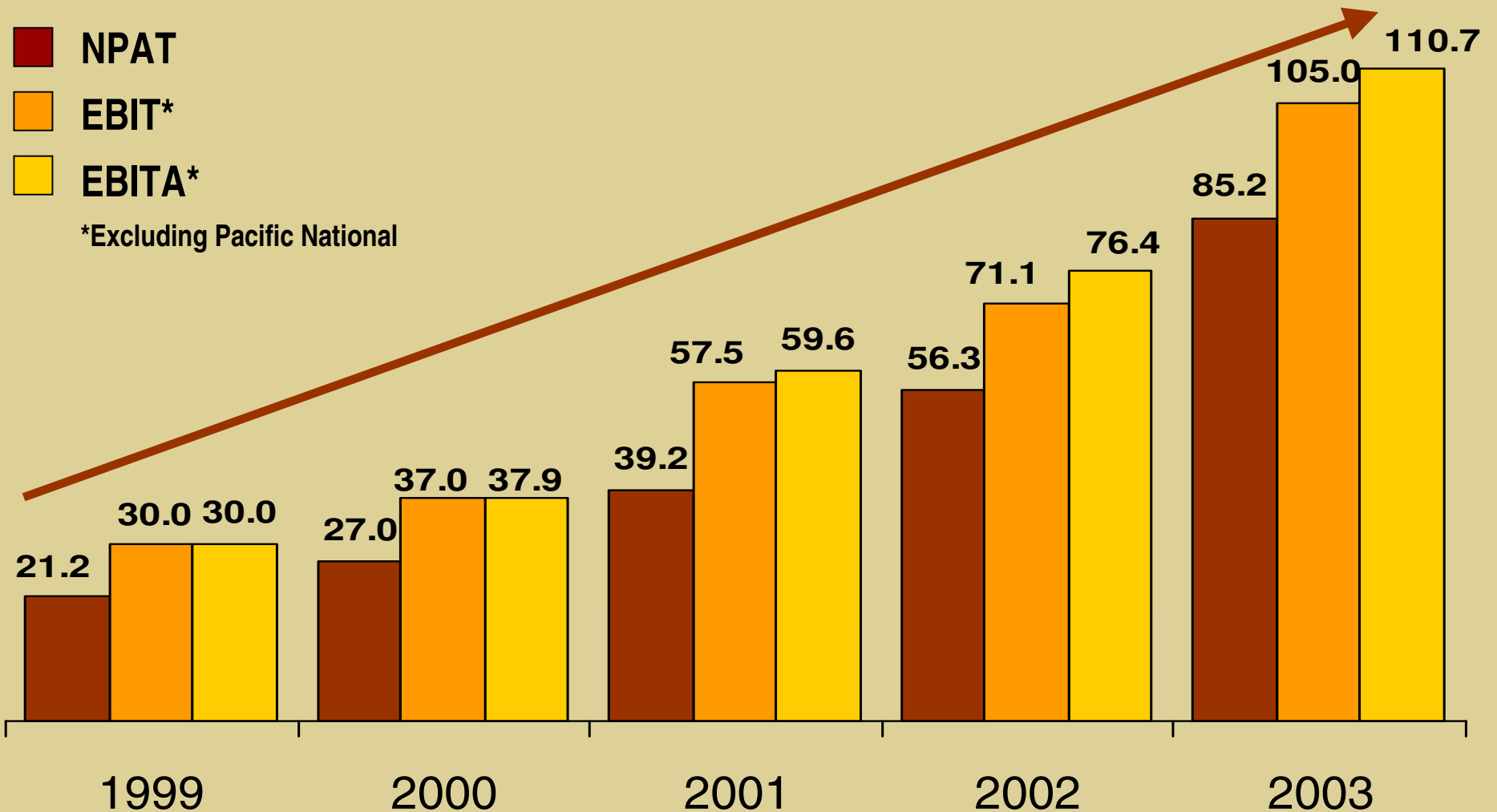
	\$NZm	\$Am*
TRH reported EBIT	(365.7)	(319.6)
Unusual items:		
▪ Track and infrastructure loss	321.5	281.0
▪ Asset write-downs and adjustments	23.0	20.1
▪ Re-organisation costs	33.0	28.8
TRH Reported EBIT (Pre-unusual items)	11.8	10.3
▪ Australian GAAP and other adjustments	6.9	6.1
▪ Trading loss 1 July to 10 October 2003	0.6	0.5
Trading 11 October – 31 December 2003	19.3	16.9 **

*Exchange conversion \$NZ\$1.1442 = \$A1

** All items other than this are pre-acquisition for Toll.

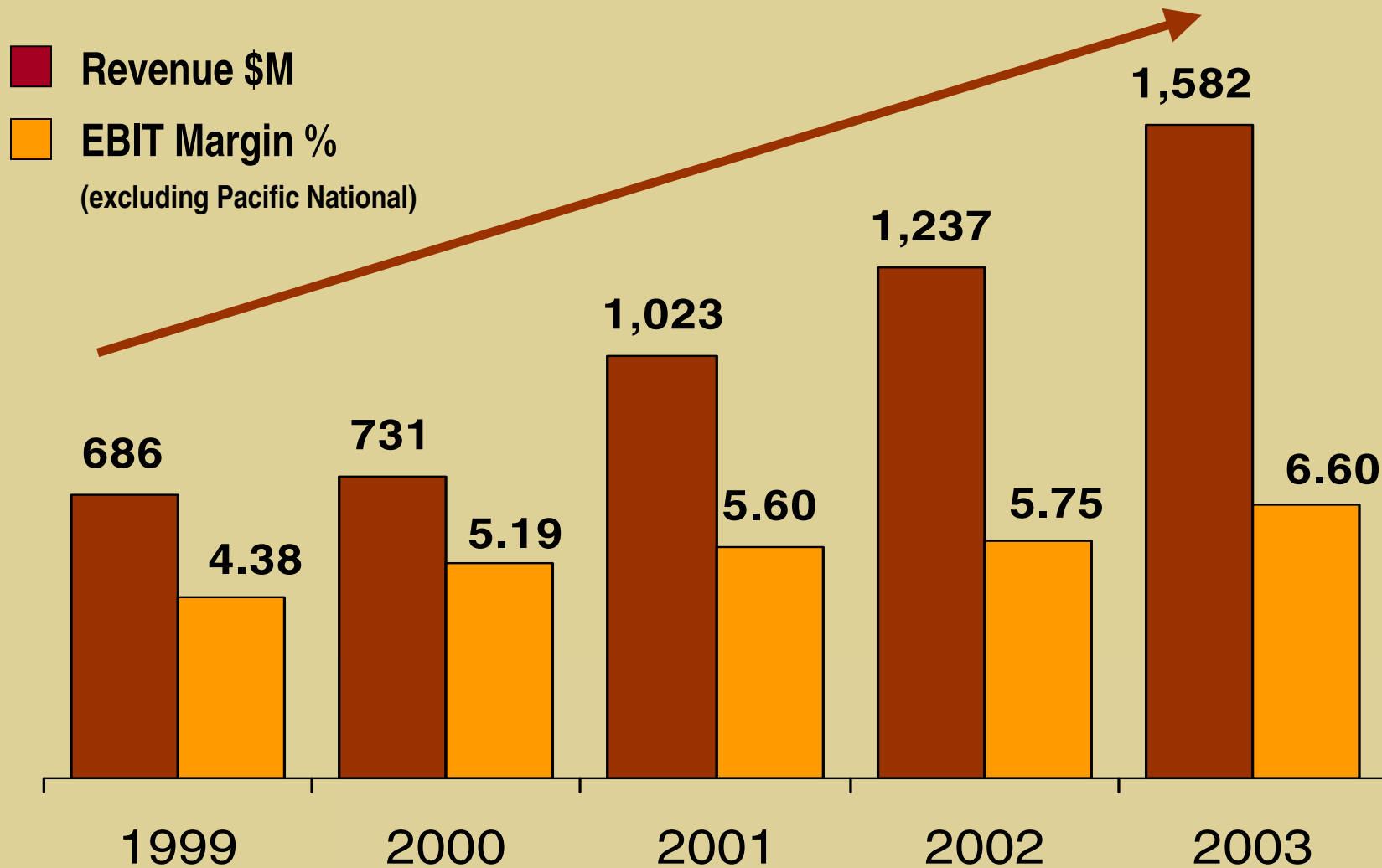


Key results – December 2003





Revenue growth & margin expansion December 2003





Cashflow

- Operating Cashflow ↑72% to \$112m
- Customary receivables build up for peak trading period
- Capital Expenditure down from \$78m to \$51m
- Property CAPEX still major component
- Working capital management major focus



Balance Sheet - strong

- Net debt \$332m
- Net debt to book equity gearing 33%
- Net interest cover strong > 8 times
- Replaced Tranz Rail debt
- RPS issued – November 2003



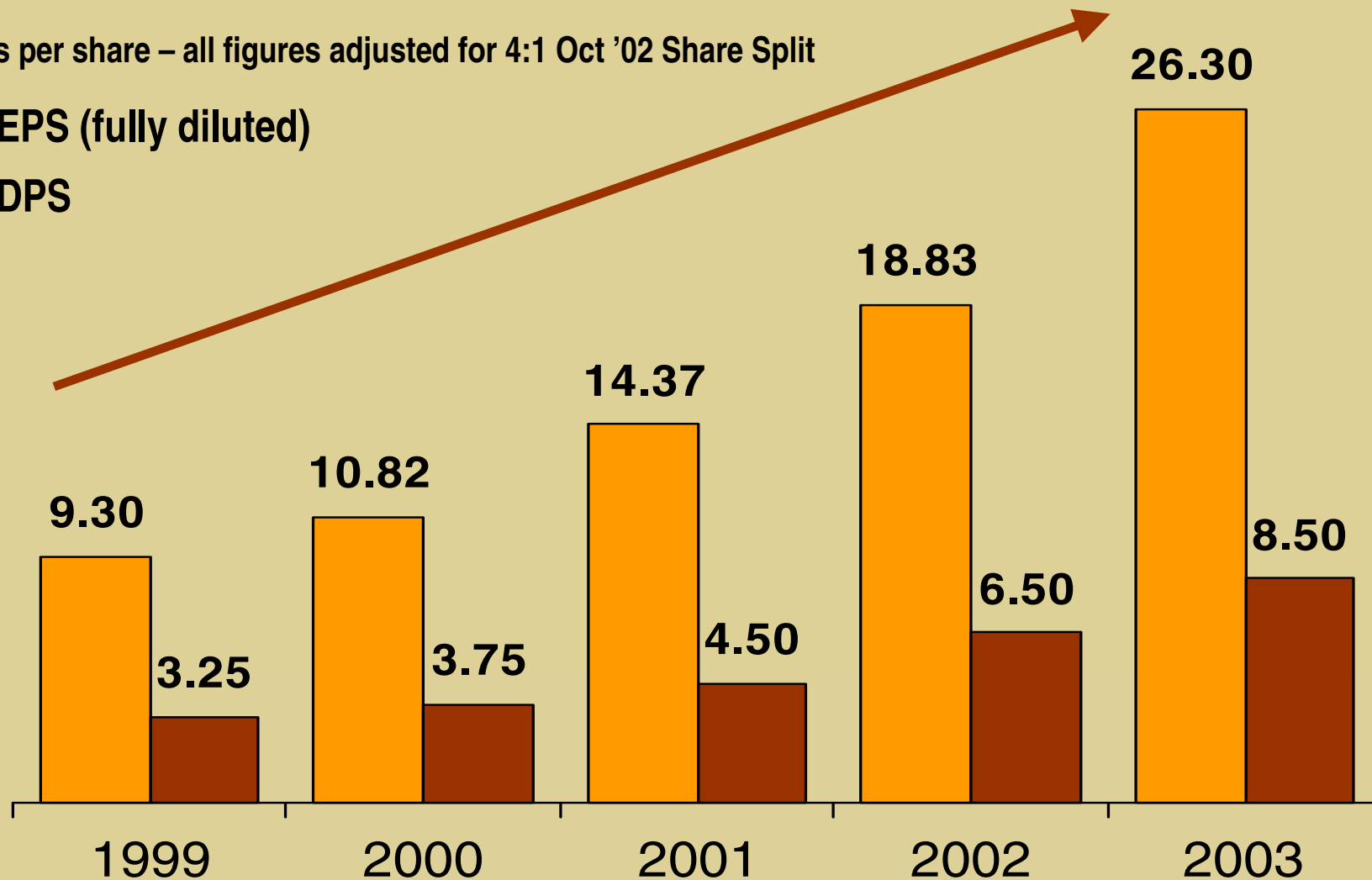


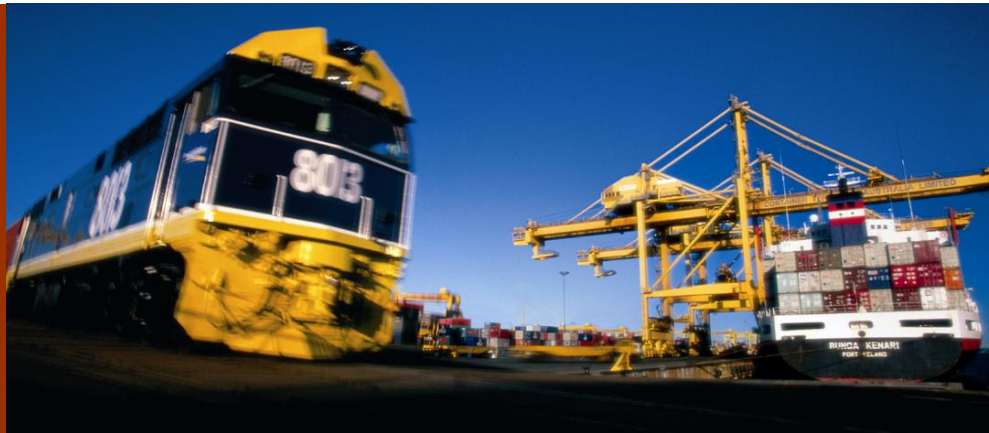
Shareholder returns – December 2003

Cents per share – all figures adjusted for 4:1 Oct '02 Share Split

■ EPS (fully diluted)

■ DPS





Business Performances





Divisional results – December 2003

Division	Revenue \$m	% Change	EBIT \$m	% Change
Networks*	809	↑ 46	54.1	↑ 68
Toll North	237	↑ 13	15.8	↑ 9
Logistics*	536	↑ 13	35.1	↑ 44
Group (pre PNL)	1,582	↑ 28	105.0	↑ 48

*Tranz Rail contribution

Networks	106		8.2
Logistics	<u>23</u>		<u>8.7</u>
	<u>129</u>		<u>16.9</u>




Sector participation

10% 


Automotive

Significant growth in volumes

17% 

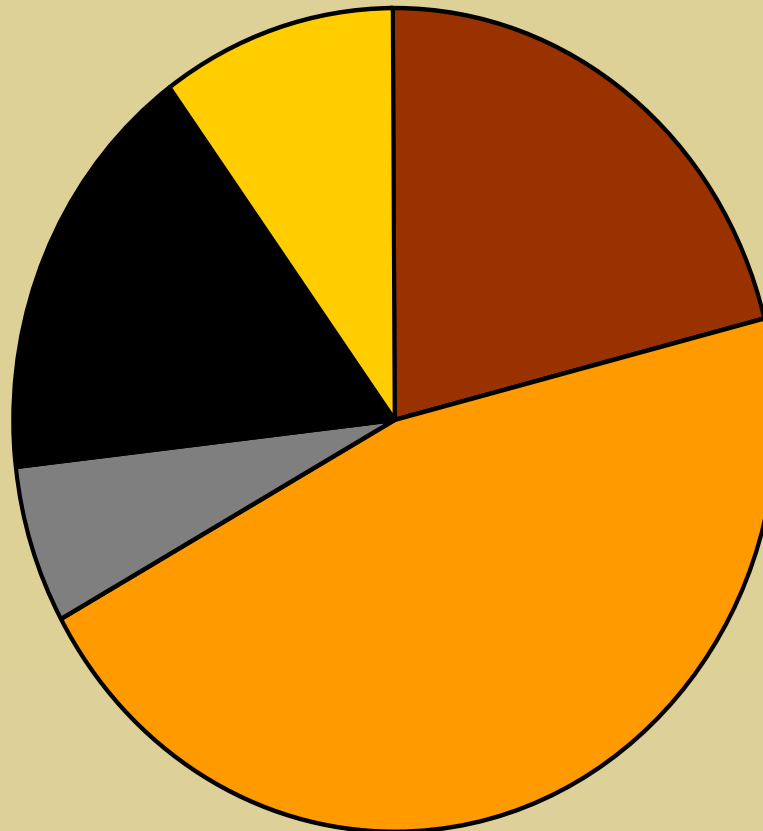
Ports & Resources


Volumes in line with expectations

6% 

Relocation


Trading in line with plan



21% 

Industrial

Volumes remained stable

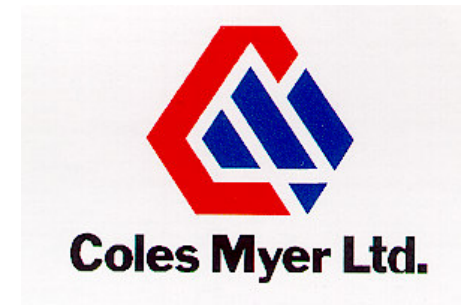
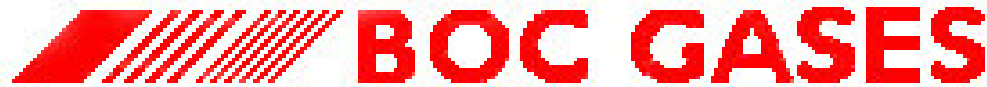
46% 

**Food, Beverages
& Retail**

Volumes remained strong



New Contracts





Toll Networks

▪ Revenue \$808m ↑ 45.8%



▪ EBIT \$54.1m ↑ 68.0%

- Tranz Rail contributed \$8.2m





Toll North

- Revenue \$237m ↑ 12.9%
- EBIT \$15.8m ↑ 9.0%



- NQX performing well
- Secured new volumes in the resource sector
- QRX in line with plan
- Absorption of higher rail linehaul charges
- Access to fully dedicated rail services in 2005
- Toll acquired remaining 49% interest
- Focussed on developing the specialised resource sector activities



Toll Logistics

- Revenue \$536m ↑ 13.3%
- EBIT \$35.1m ↑ 44.0% - Tranz Rail contributed \$23.2m

Leonard & Dingley 



Coles Myer Ltd.



HOLDEN




AUCKLAND STEVEDORING CO. LTD



**FLETCHER CHALLENGE
FORESTS**



- Expanding Toll's port activities, in particular providing general stevedoring presence in the port of Auckland.





Growth Platforms





South East Asia

- Toll Thailand performing well
- Zari Haulage enabled further development with customers in the oil, gas and automotive sectors
- Toll International continued to gather momentum
- Pursue opportunities to support customers in the Asian region



TOLL

TRANZ RAIL



- On market bid went unconditional on 10 October 2003
- Current stake 84.2%
- Major player with:
 - Revenues \$NZ600m pa
 - 2,300 locomotives
 - 4,000 wagons
 - 3,200 employees
- Purchased at major discount to Book Value
- Key element of New Zealand growth platform
- HOA in place to transfer track back to Crown.



TOLL

TRANZ RAIL

- Contribution from period of acquisition to 31 December 2003:

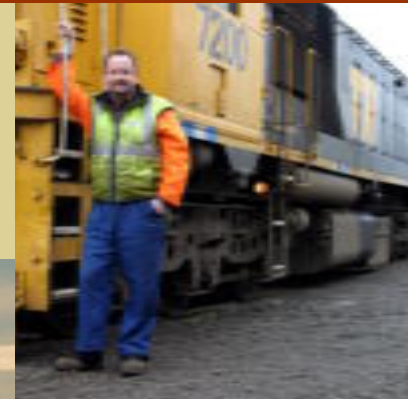
	Shipping	Road / Rail
Revenue \$129m	\$23.0m	\$106.0m
EBIT \$16.9m	\$8.7m	\$8.2m

- Net contribution (pre-acquisition funding) of \$10.7m
- Earnings from trading are in line with the prior year for the strong December quarter.



The logo for TOLL, featuring the word "TOLL" in a stylized, italicized, orange font with a black outline, set against a background of a blurred green field and a dark sky.The logo for TRANZ RAIL, featuring the words "TRANZ RAIL" in a bold, italicized, orange font with a black outline, set against a black background. To the right of the text is a stylized graphic of three horizontal lines in white and yellow.

- Large reported loss, \$NZ346m at December due to asset write-downs. These are pre-acquisition for Toll.
- Re-financing facilities from Toll to fund commitments and growth
- Detailed restructure plan formulated
- Recent flooding has disrupted services.





pacific***national***

▪ After Tax Equity Share	\$17.3m	↑ 34.0%
▪ Revenue	\$545m	↑ 0.3%
▪ EBIT	\$66m	↑ 22.0%



Grain



Coal



Intermodal



Industrial

The logo for TOLL, featuring the word "TOLL" in a stylized, italicized font. The letters are orange with a yellow outline and a green shadow effect. The background of the slide is a dark green gradient with a horizontal line.

pacificnational

- New enterprise agreement – consistent approach across business
 - Improves flexibility and rostering
 - Two year agreement
- ARTC / RIC deal to unlock Government funding
- Reform progressing but still slow

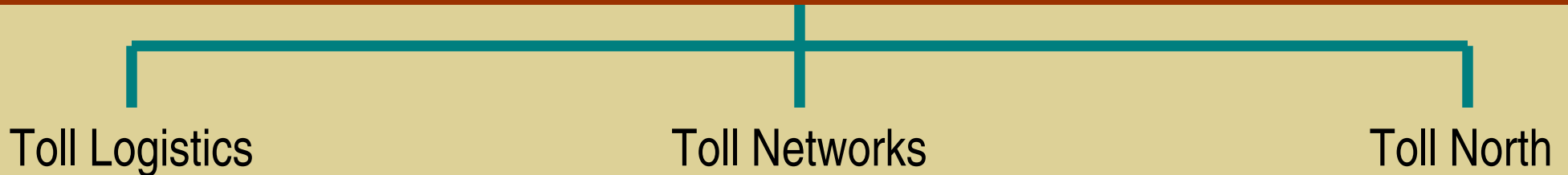


Organic Growth

- Sound growth opportunities
- Emphasis on integration and partnering
- Positive industry initiatives particularly in retailing and automotive
- High technology influence
- Outsourcing opportunities



Restructure of Business Units



- Consolidation of Shipping operations into Logistics
- Toll Refrigerated operations to Toll North
- Consolidation of International Freight Forwarding and all Resource sector activities into Toll North
- Effective from 1 January 2004





Current Trading / Outlook





Outlook



Trading has remained solid, in line with expectations



Economic conditions continue to be stable



Expecting to post another record result for the 2004 financial year



Expect industry consolidation to continue



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QUESTIONS