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# Toll Holdings Limited

## Changes in Global Logistics

### AICD QLD Division

8 September 2006



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# Key Drivers of Global Logistics Industry

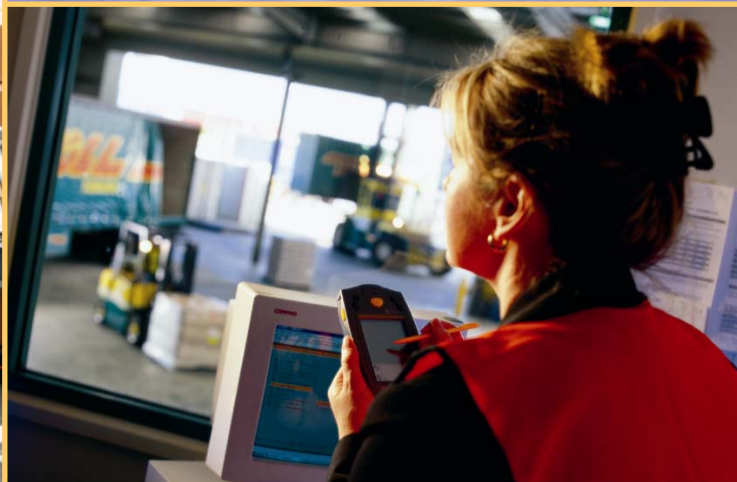
- Speed and frequency to market
- Use of smart technology
- Managing escalating fuel costs
- Creating global reach
- A trend towards direct purchasing



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# Complexity of Day-to-Day Logistics





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# Complexity of Day-to-Day Logistics

## *Consolidation 2006*

	<b>Acquirer</b>	<b>Target</b>
Aug	Linfox	FCL
Aug	Apollo Management	TNT
May	Toll Holdings	Patrick Corporation
May	Toll Holdings	SembCorp Logistics
Mar	Queensland Rail	Australian Railway Group
Jan	Kuehne & Nagel	ACR Logistics
Jan	Dubai World	P&O Ports



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# Complexity of Day-to-Day Logistics





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# Complexity of Day-to-Day Logistics

- Queensland Rail
- Linfox / FCL
- Scott / K&S
- SCT
- Toll / Acquisitions
- Qantas
- Virgin Blue
- Dubai Ports



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# Speed and Frequency to Market





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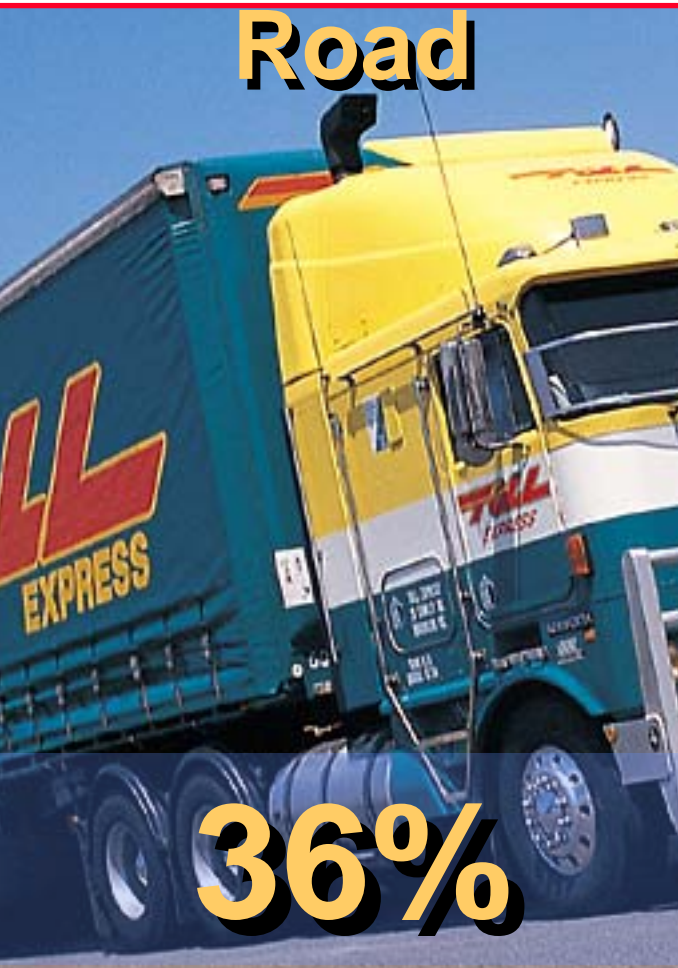
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# Use of Smart Technology





# Managing Escalating Fuel Cost





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# Creating Global Reach





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# A Trend Towards Direct Purchasing





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**Patrick**



**SembLog**



**PNL**



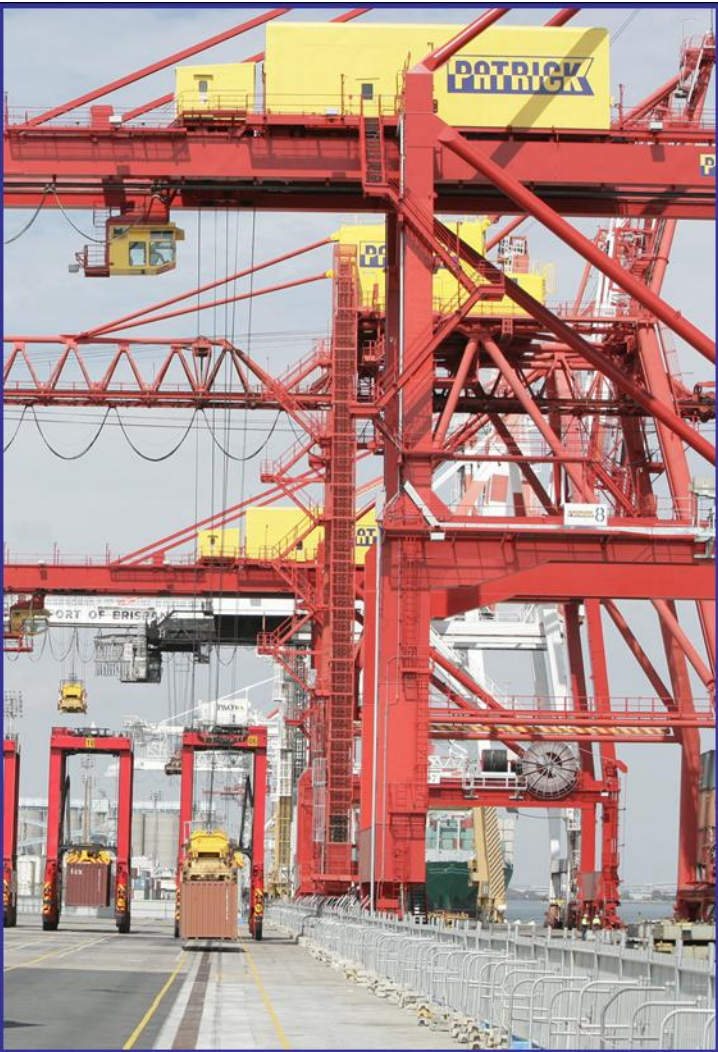
**VBA**



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# Patrick Acquisition



- Control 10 May with 100% ownership from 1 July 2006
- Patrick traded in line with expectations
  - After tax profit \$23.5m
  - Revenues \$232 m
- Integration – Patrick rail and ports divisions well progressed
- Overall port volumes – maintaining steady growth
- Strong performance in new financial year anticipated



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# SembCorp Logistics Acquisition

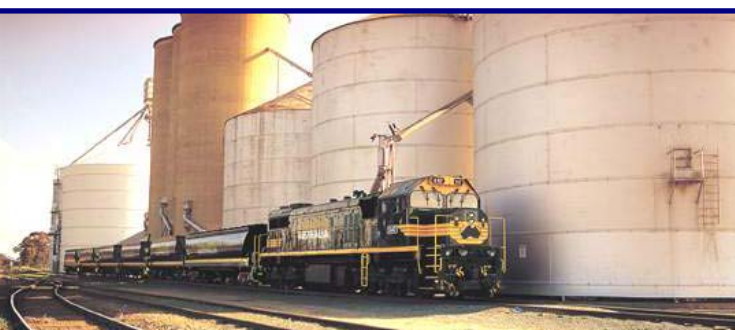


- Revenues \$111m – after tax profit \$8.2m
- 100% ownership – 20 March 2006
- Traded in line with acquisition assumptions
- Integration to plan
- Management retention programs – effectively implemented
- Growth opportunities – organic and acquisition
- Exposure to high growth sectors



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# Pacific National - Strong Outlook



## *Fundamentally good business with strong future*

- Positive outlook for freight rail sector
- Government support for freight rail
- Strong customer relationships and market position

## *Coal*

- High overseas demand
- Well managed supply chain

## *Intermodal*

- PN well positioned in market
- Discussing short term solution for North/South corridor infrastructure improvements completed
- East/West corridor focus on service improvements

## *Grain*

- Volumes seasonal
- Working with industry to streamline supply chain



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# Pacific National - Short Term Focus



## *Acacia Ridge Terminal*

Negotiation on terminal access charges nearing completion

## *PN Tasmania*

MOU signed  
\$118m Fed and State Govt (track)  
\$38m PN (rolling stock)

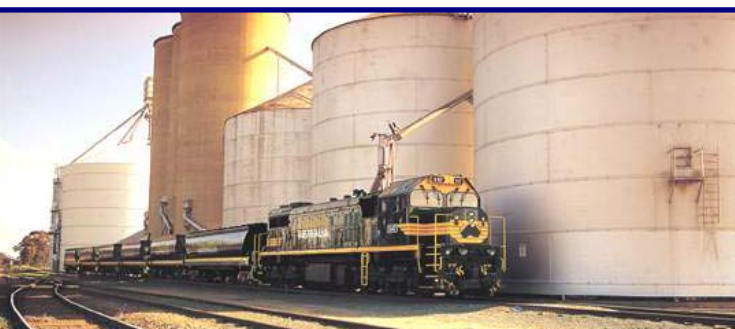


## *Victoria*

Working constructively with Govt  
Access arrangements and funding for freight network

## *PN Queensland*

Independent review to establish pricing going forward



## *Industrial Relations*

Stage 1 agreed, stage 2 underway  
Target 30 September 06

## *Increase Volumes / Yield*

Plans in place



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## Toll's Commitment to Rail



- Investment in rail good for Australia
- Environmentally sound
- Safer – decongests roads
- Cost-effective
- Significant investment will continue
- PN partner must share Toll's long-term commitment to rail



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## Sale of Pacific National 50%



- 45+ expressions of interest
- Strategic buyers (international & domestic), private equity investors, funds
- Timing of divestment on track
- Expect winning bidder announced Dec 06
- Toll and ACCC working closely to achieve right result



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## Virgin Blue



- Revenues since acquisition \$250m
- After tax earnings (excluding acquisition costs) \$0.7 m
- Impacted by seasonal factors
- Underlying results In line with expectations
- Continuing to enhance market position – new initiatives
- Reviewing equity investment
- Supportive of VB management
- Enhance shareholder value



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# Questions