

Media release

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Toll Group full year results for 2019

Japan Post has announced the results of its international logistics business, which includes Toll Group, for the year ended 31 March 2019, reporting earnings before interest and tax of \$127 million, a 7% improvement over the prior year.

Performance Highlights

- Earnings before interest and tax of \$127 million, up 7%
- Revenue of \$8.7 billion, up 6%
- Revenue from Global Logistics Asia operations up 11%
- Cost savings delivered through transformation productivity program of around \$160 million
- Continued improvements in safety performance with a reduction in lost time injury frequency rate of 6%
- Continued investments in core technology, fleet and facilities with total capital expenditure of \$749 million, which resulted an overall negative cash outflow for the year.
- Improvements in customer satisfaction with a Net Promoter Scores in key segments of Asia, customer digital channels and retail/consumer/healthcare of over 30%

The results reflect the second consecutive year that Toll has reported increases in both profit and revenue.

Toll Group Managing Director Michael Byrne said the results showed strong customer growth for the year and good progress on Toll's productivity program, despite ongoing challenges in the Australian, New Zealand and US markets, as well as tough conditions in the mining and retail sectors.

"While today's financial results show parts of our business continue to face significant headwind, there are positive signs particularly with the improvement in the US business and double-digit revenue growth in the Asian logistics market.

"We have continued to focus on delivering better solutions and outcomes for our customers. This has led to organic revenue increasing by \$447 million over the prior year, driven by strong demand in Asia, and major account wins and renewals in the groceries, technology and government sectors.

"Economic conditions have been challenging and we continue to see upward pressure on costs in a number of categories, including labour and compliance.

"We have made significant progress to reduce underlying fixed costs with around \$300 million annualised cost reductions achieved since FY18, and we have strong momentum to further accelerate the productivity program in FY20.

Key FY19 achievements that will springboard Toll's future growth include:

- Commencement of operations of two, purpose-built ships, part of a \$311 million investment that will drive a 40% capacity increase in Bass Strait trade and related revenue uplift.
- Delivery of 1,900 new fleet and equipment, part of a six-year \$1.6 billion asset investment program. The technology of these assets will lead to improved safety and fuel and maintenance costs, as well as reduced emissions, with benefits starting to flow through from FY20.



- Successful launch of several new technology platforms as part of a three-year \$400 million investment in digital infrastructure. This includes the delivery of a single, global finance system that will replace multiple legacy systems; the migration of 100,000 users to our enhanced MyToll self-service portal; and the introduction of digital signing to improve the customer experience.
- New joint ventures in Indonesia and Japan, and the opening of a \$200 million high-tech facility in Singapore, that will tap into strong demand for end-to-end logistics solutions in these markets.
- Introduction of new operating models in finance, technology and human resources to reduce cost structures and improve efficiencies in back office operations.

Mr Byrne added that a robust and sustainable transport industry is vital to a strong economy, but cautioned that the industry must change rapidly to respond to emerging issues and remain viable.

“Current market dynamics are driving unsustainable margin pressure across the industry, which is seeing many operators hit the wall. In addition, operators are requiring huge technology and infrastructure investments to meet consumer expectations for greater speed and transparency. Toll is adapting to keep up with the pace of change and remain competitive.

“While we have more work to do, I am encouraged by the improvements we are making at Toll in the face of continued challenging conditions. This is the second year of what is a multi-year transformation, and we continue to focus on improving the underlying performance of the business to create sustainable, long-term value for our shareholder, customers and employees,” Mr Byrne said.

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Note to editors

The financial numbers referenced in this document are consistent with the accounting treatment applied and reported by shareholder Japan Post for its international logistics business. This includes the earnings contribution for the 50% equity investment in JP-TOLL, held directly by Japan Post, in addition to the 50% held directly by Toll.

About Toll Group

Toll Group, a subsidiary of [Japan Post](#), is the Asia Pacific region's leading provider of logistics services, employing approximately 44,000 people across some 1,200 locations in more than 50 countries. Toll's capabilities and global reach help provide customers with logistics solutions capable of serving the most comprehensive global supply chains www.tollgroup.com

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