asciano

ASX/MEDIA RELEASE

Investor Briefing - Presentation

19 June 2014

Asciano Limited (ASX: AIO) (OTCUS: AIOYY) is holding an investor briefing session in Sydney today that is scheduled to commence at 10am (AEST). The presentation to be made at the briefing is attached. Key financial highlights in the presentation include:

- Guidance for FY14 underlying NPAT[1] of low single digit growth has been maintained (refer slide 23 and 133)
- The acceleration of two new business improvement programs (BIP) will result in a reduction in headcount of approximately 500 people and is driving a revised cost reduction target in the order of $90m in FY15 (refer slide 10)
- The original five year BIP program announced in FY11 has been doubled to $300m in savings by FY16 (refer slides 13 and 127)
- Material items pre tax reported in FY14 are now expected to be in the range of $120-130m in costs (previous forecast $15-25m in costs). The increase in the range primarily relates to the costs associated with the integration of the Pacific National rail divisions and the costs associated with the restructure of Corporate and Shared Services (refer slide 133)
- Material items in FY14 will include non cash charges of approximately $75m associated with the rationalisation of the Pacific National rolling stock fleet following the integration of the two rail divisions and asset write downs associated with the Port Botany redevelopment
- The majority of the cash costs in the material items will be incurred in FY14 (refer slide 133)
- The Company expects to be free cash flow neutral in 2H FY14 with free cash flow after capital expenditure forecast to grow significantly over the next two years as the capital expenditure refresh program is completed (refer slides 123 and 125)
- Significant free cash forecast in FY16 should allow an increase in the dividend payout ratio to 50%+ (refer slide 126)
- The business improvement initiatives are expected to drive growth in FY15 EBIT at a higher rate than achieved in FY14 despite the expectation of relatively low volume growth across the business (refer slides 23 and 133)
- Asciano remains leveraged to any material upturn in volume in its key business areas

[1] Underlying – pre material items

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The briefing today is being webcast and is accessible at www.asciano.com.au. A recording of the briefing will be available on the website tomorrow.

- Ends –

ASCIANO INVESTOR DAY

19 June 2014

AGENDA

1	Welcome and Update *– John Mullen, CEO*	10.00
2	Pacific National Strategic Update and Outlook *– David Irwin, Director Pacific National*	11.00
3	Intermodal Strategic Initiatives *– Andrew Adam, General Manager Intermodal*	11.45
4	Queensland Bulk Rail Strategic Initiatives *– Paul Griffin, General Manager Queensland Coal and Bulk*	11.55
5	NSW and Victoria Bulk Rail Strategic Initiatives *– Stephen Cowan, General Manager NSW/VIC Coal and Bulk*	12.05
6	Q&A – Pacific National Team	12.15
Lunch Break		12.45 -13.30

AGENDA

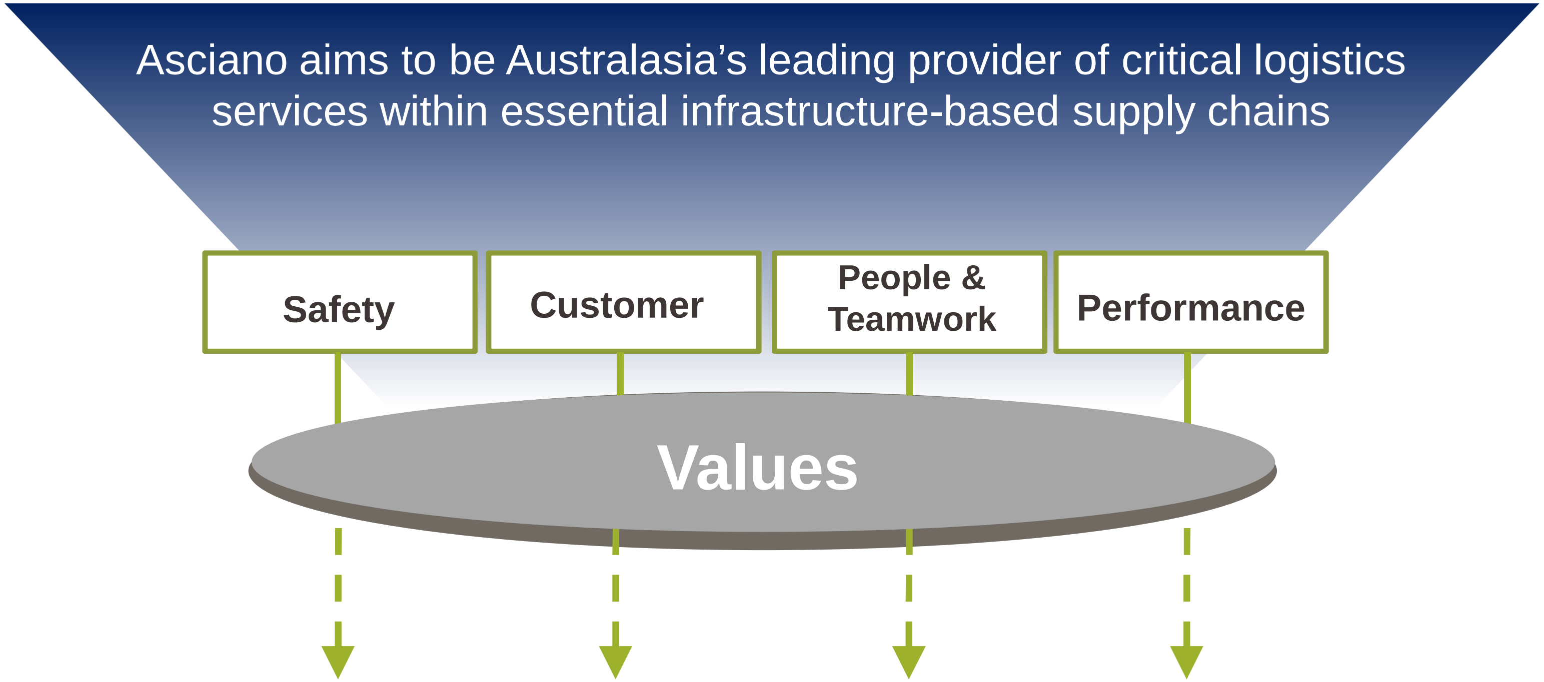
7	Patrick Terminals and Logistics Strategic Update and Outlook *– Alistair Field, Director Terminals & Logistics*	13.30
8	Bulk Ports Strategic Update and Outlook *– Philip Tonks, Director Ports & Stevedoring*	14.30
9	Autocare Strategic Update and Outlook *– Alex Milan, General Manager Autocare*	15.00
10	Q&A – Bulks & Auto Port Services	15.15
Afternoon Break		15.30 – 15.45
11	Update and Outlook *– Roger Burrows, CFO*	15.45
12	Q&A – John Mullen and Roger Burrows	16.45

JOHN MULLEN
CHIEF EXECUTIVE OFFICER

SUMMARY

1. Our 5 year strategy plan is still broadly on track despite today's main challenge being the pressure on earnings growth from flat external markets
2. We have taken the necessary cost measures to offset this and restore our earnings trajectory. Goal remains 10% - 15% EBIT growth over whole 5 years
3. Nonetheless progress over last 3 years has been good;
   eg ROE has nearly doubled and EPS CAGR of 19% in first three years
4. We remain committed to completing capex catch-up by FY15 to then reduce leverage, deliver strong cash flow, & increase the dividend as per the plan
5. We continue to look for value-adding partnership solutions for Terminals but we have a good business and will not do this at any price
6. We are looking for growth opportunities but no acquisition will be made that jeopardises our improved leverage, free cash flow, and dividend objectives
7. This year we will fully deliver on the outlook provided at the beginning of the year, as we have consistently done over the previous two years of the plan
8. For FY15, the measures that we are taking will deliver an increased rate of earnings growth over that achieved in FY14

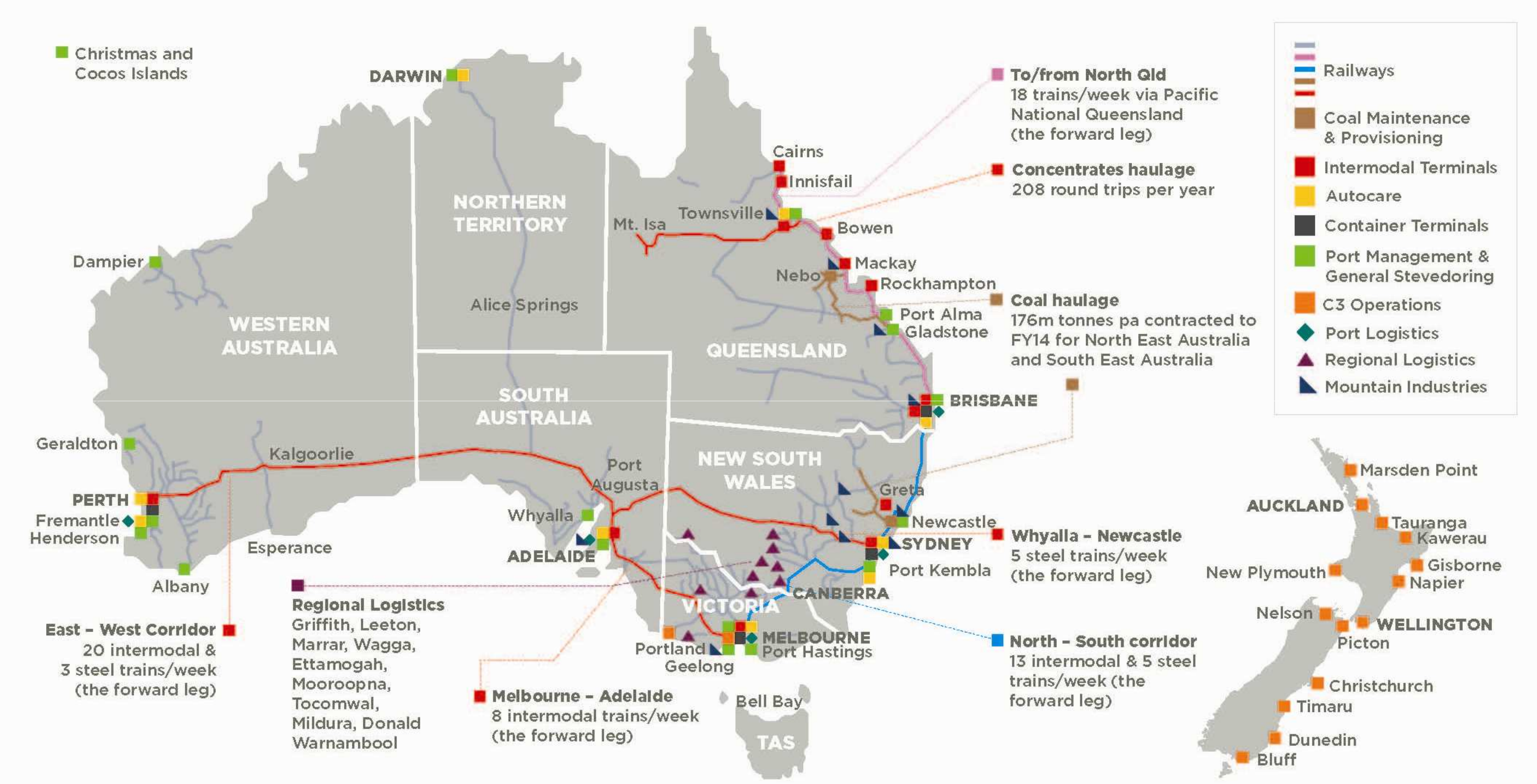
ASCIANO – THE PULSE OF LOGISTICS



From which the key characteristics are as follows:

- Home safely every day
- Measurably superior outcomes for our customers
- Employer of choice
- Consistently attractive returns for shareholders – top third TSR

ASCIANO'S EXISTING NATIONAL NETWORK OF PORT AND RAIL ASSETS PROVIDES COMPETITIVE AND UNIQUE SERVICE OFFERINGS IN IMEX AND INTERSTATE SUPPLY CHAINS



UPDATE ON 5 YEAR PLAN

Asciano is over half way through its 5 year restructuring program set in 2011 for major milestone completion by 2016. Core deliverables were:

- **Phase I:** *Fundamental company restructure, balance sheet strengthening, and debt restructuring*
- **Phase II**: *Business improvement across a wide range of financial and non-financial measures*
- **Phase III**: *Strategic development and new sources of growth*

PHASE I	**Phase I complete, apart from two key objectives always projected for 2016;** • Sustaining capex back to depreciation levels post capex catch-up to deliver strong free cashflow • Focus on raising the dividend payout ratio to an Australian industrial company standard ***Both of these objectives remain on track despite current economic conditions***
PHASE II	**Phase II has delivered most key non-financial and financial objectives. However:** • Low or negative market growth is currently reducing earnings growth considerably • Softer top line growth has necessitated short term measures to restore earnings growth to plan levels ***Action being taken will restore earnings growth to a higher trajectory***
PHASE III	**Phase III focused on next area of Asciano's growth** • Current focus remains on strategic opportunities and partnerships for Terminals division • Major strategic moves will not be considered until Phase II earnings and cashflow objectives are met ***Management still comfortable that viable new growth opportunities remain available***

STRATEGIC PLAN: PHASE I

Performance delivered to date

- Short-term debt overhang resolved. Average debt maturity now 5 years as at 31 May 2014
- Leverage (Debt to EBITDA) down from over 7x to 3x, within the target range of 2.5x–3.0x
- Interest cover 5.1x against minimum target of 3.5x
- Dividend payout ratio increased from zero to 30%-40%
- BBB- rating improved to positive outlook

Remaining Phase 1 Imperatives

- Capex upgrade program to be completed in FY15
- Positive free cashflow to be delivered in FY15, accelerating into FY16 onwards
- Balance sheet leverage expected to reach bottom of target range of 2.5x-3.0x in FY16
- Significant free cash flow forecast in FY16 should allow increase in dividend payout ratio to 50%+

STRATEGIC PLAN: PHASE II

Performance delivered to date

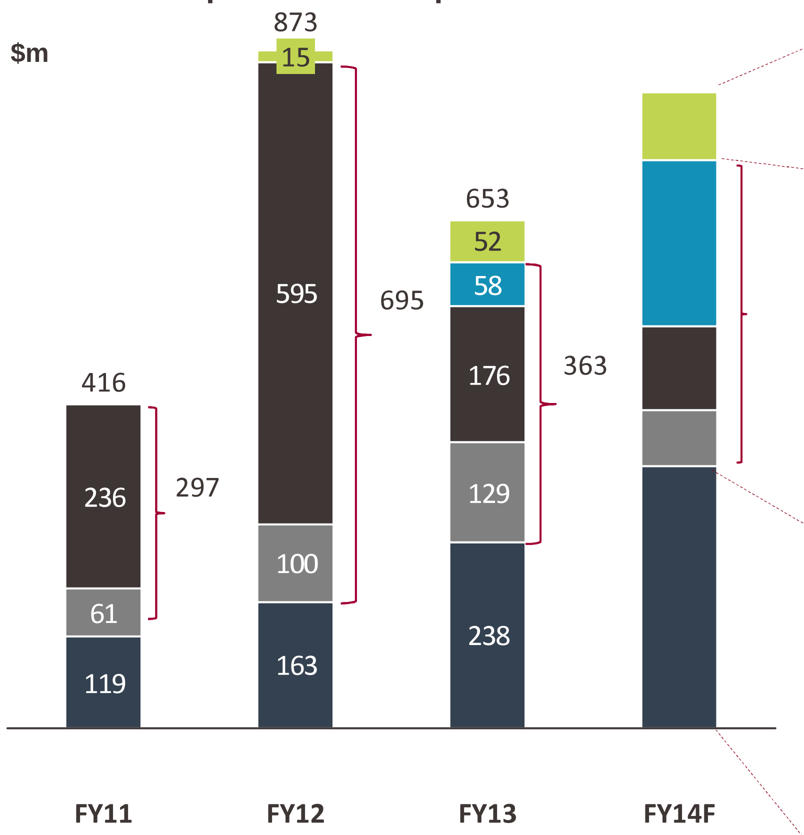
- Capital stock of company extensively renovated thus completely re-modernising Asciano
- $600-$800m still to spend – predominantly Port Botany and Pacific National
- Safety, Customer, People, Business Development & Stakeholder Relations programs on-going
- Original $150m cost take-out program will be over-achieved by 100% to $300m by FY16
- EBIT increase of CAGR 10.1% per annum over last 3 years
- ROE increased from 5.4% to 9.7% and ROCE increased from 9.6% to 10.6% in first three years
- EPS growth of CAGR 19% per annum over last three years

Remaining Phase II Imperatives

- Aggressive cost reduction to deliver increased earnings growth to offset top line weakness
- Approximately 500 headcount reduction by June 30 leading to a +/-$90m cost reduction in FY15
- Continued focus on materially reducing capex despite completing asset modernisation
- ROCE target of above cost of capital by FY16, 1 year behind plan due to market weakness
- 5 year EBIT CAGR to FY16 10-15%

$3.0BN CAPEX "UPGRADE" PROGRAM HAS SLOWED SHORT TERM ROCE GAINS, BUT BUILT PLATFORM FOR LONG TERM GROWTH

Historical Capex and M&A spend review



NOTE: Over half the $3b capex spent was not ROCE accretive but was absolutely critical to modernising the company and ensuring ongoing safe facilities and equipment

	Total	Key spend areas
ROCE Accretive	~$155m	**M&A:** • Mountain Industries • C3 • Smith Channon • PoGUT
	~ $275m	Port Botany - savings not yet realised
	~$1,115m	**GROWTH - COAL** • Nebo & Greta facilities • Wagons & Locos for Anglo, Rio Tinto, BMA, Middlemount, Idemitsu, Ernest Henry contracts • BMA UTM Road
ROCE non-accretive	~$365m	OTHER REGULAR SUSTAINING CAPEX
	~$1,145m	**MODERNISATION AND CAPEX CATCH-UP** • Perth Freight Terminal • Group wide IT Upgrade • Toll and Steelink contract renewals • Pavement replacement Terminals • NR class repower • Obsolete crane replacement • Obsolete RMG replacement • Straddle replacement • Prime mover replacement • Greta and Nebo

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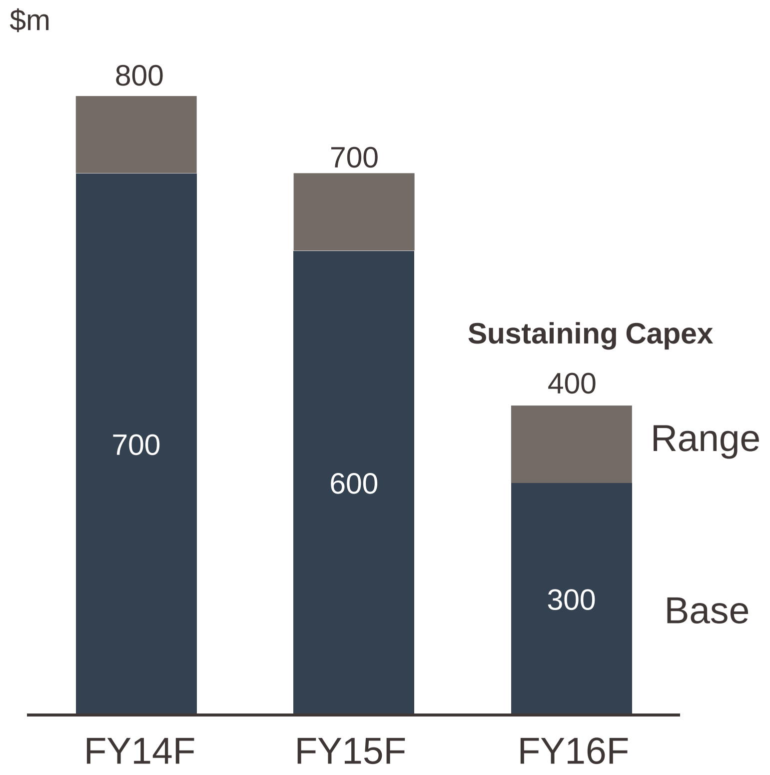
WE HAVE A FURTHER $600M-800M TO GO BEFORE THE UPGRADE PROGRAM IS COMPLETE

Forecast Capital Expenditure



Focused on maintaining sustaining capex at the bottom end of the range and driving free cashflow

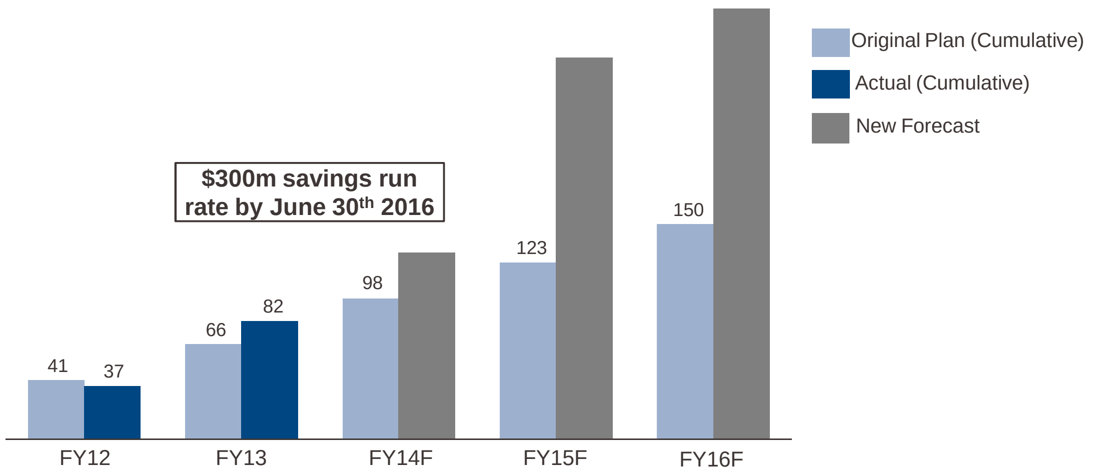
Growth capex will only be allocated to projects with new revenue streams that meet return hurdle rates

ACCELERATION OF BUSINESS IMPROVEMENT PROGRAM

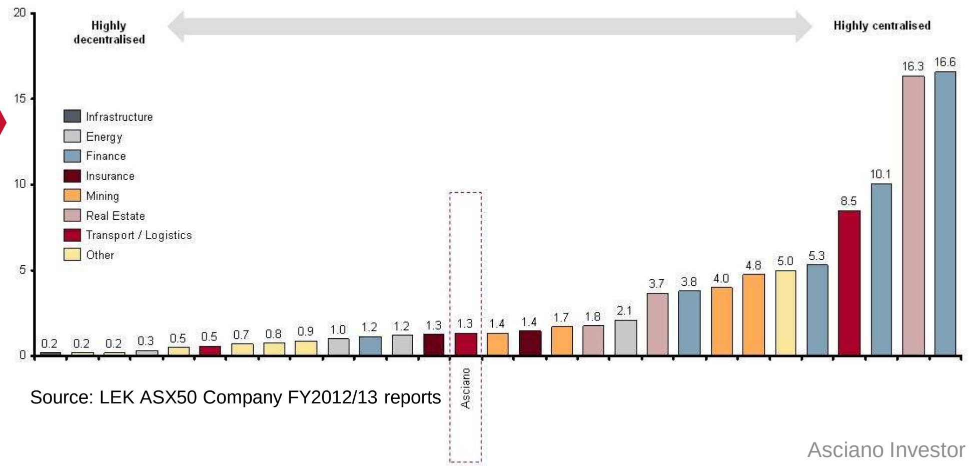
Context and Objectives

- After a strong period of growth, the market environment has turned and Asciano faces soft top line growth
- Our response has been a focus on expanding and accelerating our Business Improvement Program (BIP) outcomes through;
  - The amalgamation of the Pacific National divisions
  - Reduction in Corporate and Shared Services
  - Division support services

Cumulative Savings Revised Target ($m)



Corporate Overhead Reduction Programme



Source: LEK ASX50 Company FY2012/13 reports

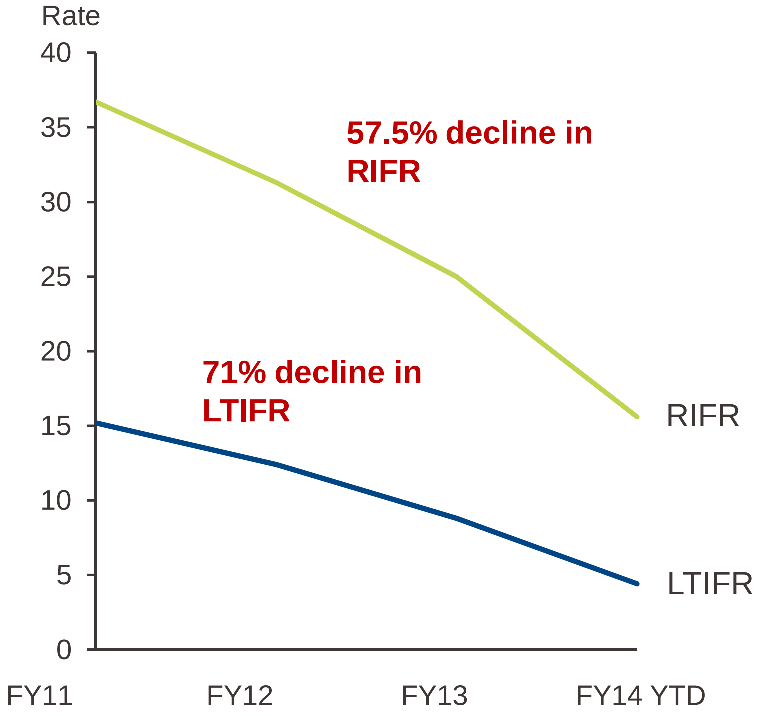
- AIO in mid-range of ASX50 peers for overhead spend
- Cost initiatives will still deliver further $35m in cost reduction
- Savings in headcount, IT, procurement and supplier contracts

HOME SAFELY

Significant success in improving safety:

- Historically safety was an insufficient focus in Asciano
- Board and Executive leadership introduced through Sustainability Committee and Executive Safety Committee
- Sustainability Committee meets quarterly on site, Executive Safety meets monthly
- Supervisory focus on hazards that cause most injuries, for example lashing operations in stevedoring
- Investment in technology to give clearer and more consistent view of safety risks and associated actions
- Further safety leadership training for the top 500 leaders in the business in FY15

Injury Frequency Rate Performance

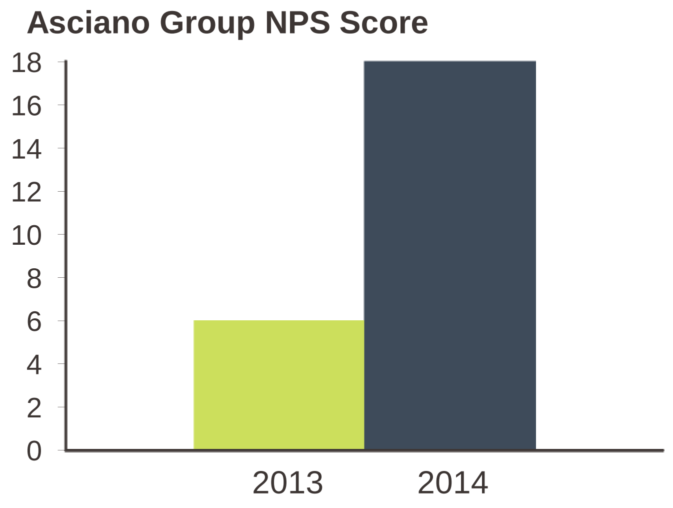


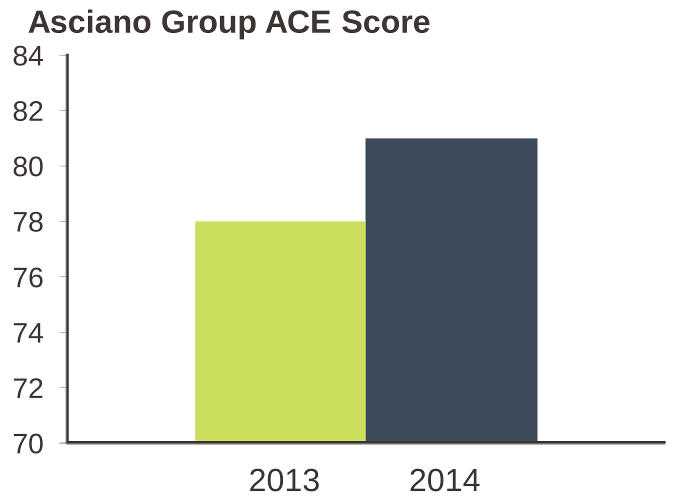
RIFR = Sum of Medical Treatment Injuries and Lost Time Injuries / 1,000,000 person hours
LTIFR = Number of Lost Time Injuries / 1,000,000 person hours
Both rates include injuries to contractors.

CUSTOMER RELATIONSHIPS

Service & Customer Advocacy Increased

- Some parts of the business had historically poor service levels and customer relationships
- One of four core values and a key focus of the transformation program has been relationships with all key stakeholders and customers
- Introduced Net Promoter Score[1] (NPS) and Actionable Customer Engagement[2] (ACE) surveys
- Latest 2014 survey reflects significant positive swings continuing across key areas of the business especially Terminals and SEA Coal
- Overall ACE up from 78 to 81 & NPS from +6 to +18
- Scores equal to or higher than all key competitors, but still considerable upside for improvement





1. NPS® is a universal tool used to measure customer loyalty/advocacy, based on the premise that every company's customers can be grouped into 3 categories: "Promoters", "Passives" (satisfied but not enthusiastic and can easily be wooed by competitors) and "Detractors" (unhappy customers trapped in a bad relationship)
2. ACE® is a holistic measure of customer engagement/focus

HUMAN RESOURCES BUILDING THE CULTURE & FOUNDATIONS FOR THE FUTURE

Standardisation and upgrading of Human Resources processes

- Ensuring Asciano has a robust remuneration management and reward systems in place
- Building stronger employee engagement through investment in leadership development, employee recognition and embedding our values
- Modernising HR policies and benefits including the introduction of initiatives such as flexible work policies to support improved workplace diversity
- Implementation of the Asciano Careers team to improve our process and build our employment brand
- Robust and cost effective processes for engaging labour hire, contractors and other temporary labour

- Standard employment contracts
- Job classification framework
- Strong pay to performance ratio
- Consistent STI plan designed to support our business goals
- 5% jump in Employee Engagement in 18 months

- From no leadership training to 25% of our leaders trained in 2 years
- In-house recruitment replacing 100+ providers
- Talent management and succession planning

UPGRADING RELIABILITY AND PERFORMANCE OF IT PLATFORM

Asciano's IT infrastructure has been completely replaced

- IT platform underinvested for many years leading to risk of systems failure
- IT centralised with outsourcing of all core infrastructure to 3rd party cloud provider
- Financial and HR system upgraded
- New supply chain system for Logistics
- Transferred automation technology from Fisherman Islands to Port Botany
- Single automated safety system being introduced across Rail and Ports

- IT upgrade spend over the last three years in the order of $73m[1]

- Nearing completion for converting all existing computing capability to Private Cloud Based Services for:
  - Infrastructure as a Service
  - Platform as a Service
  - Desktop as a Service

1. Includes Port Botany automation

STRATEGIC PLAN: PHASE III

Performance delivered to date

- Despite slow top line growth in FY15 due to market maturity and economic conditions, business improvement gains will deliver improved rate of earnings growth in FY15 over FY14
- Significant free cash flow gains will deliver improved shareholder returns through the opportunity for material growth in dividends over the next few years
- Primary focus will remain driving free cash flow and delivering improved shareholder returns but we continue to look for strategic options to better position the group for future growth
- However, no substantial strategic move or acquisition will be made that jeopardises above objectives

Remaining Phase III Imperatives

- Strategic opportunities and partnerships for Terminals & Logistics continue to be explored
- Continue string-of-pearls approach for Bulk & Auto Port Services
- Enter new markets to complement and leverage core businesses and skill sets
- Remain disciplined around investment opportunities - need to meet ROCE and EPS growth criteria

INTEGRATED SUPPLY CHAIN OPPORTUNITIES

Upstream	Road	Rail	Port		Shipping
Upstream Logistics / Materials Handling	Road Leg	Rail Linehaul	Logistics	Ship loading	Ship Leg

Asciano is focused on securing integrated operating positions across diverse supply chains...

...by continuing to make disciplined investments in key assets & infrastructure

Examples

Bulk services	Characterised by large custom contracts & projects, focused on export	Coal Iron ore Other natural resources
Complex & containerised services	Bespoke, fragmented customer base requiring complex logistics and handling services, with multi-directional trade flows – import, export & interstate	Vehicles Manufactured products Smaller volume commodities

CONGESTED PORT PRECINCTS IN CAPITAL CITIES ARE CREATING OPPORTUNITIES FOR IMEX[1] INTERMODAL TERMINAL INVESTMENTS

Inland Terminal development

- Port precincts in capital cities are forecast to see increasingly congested Import-Export supply chains
- Inland intermodal terminals with rail linkages to the port are seen as potential debottlenecking solutions
- State and Federal governments are assessing a number of intermodal infrastructure projects to alleviate congestion in major freight corridors:
  - ***Sydney: Moorebank intermodal development***
  - ***Perth: the next most pressing investment opportunity in inland IMEX terminals***
  - ***Melbourne: IMEX terminal options being evaluated***
  - ***Brisbane and Adelaide; no immediate needs for inland terminal solutions, although land banking options for future demand are being considered***
- Asciano's view of these projects is that while continual evaluation is critical, the economics in the near term (5-10 years) may be challenging. The long term potential is more prospective but will require innovative solutions and a whole of industry and Government approach

- Asciano was surprised that MICL did not continue with a competitive tender process for Moorebank
- Asciano nonetheless is extremely well equipped to compete with Moorebank with very comparable assets

- Largest on wharf TEU storage now in Sydney (1.8m TEU)
- PN has 70% intermodal market share in rail
- PN capacity at Chullora will be upgraded to handle 600k TEU by 2015 and Enfield has capacity for further 200k. **Gives 800k TEU capacity 2 years ahead of Moorebank**
- Very strong competitive position for at least next 10 years with minimal capex requirement

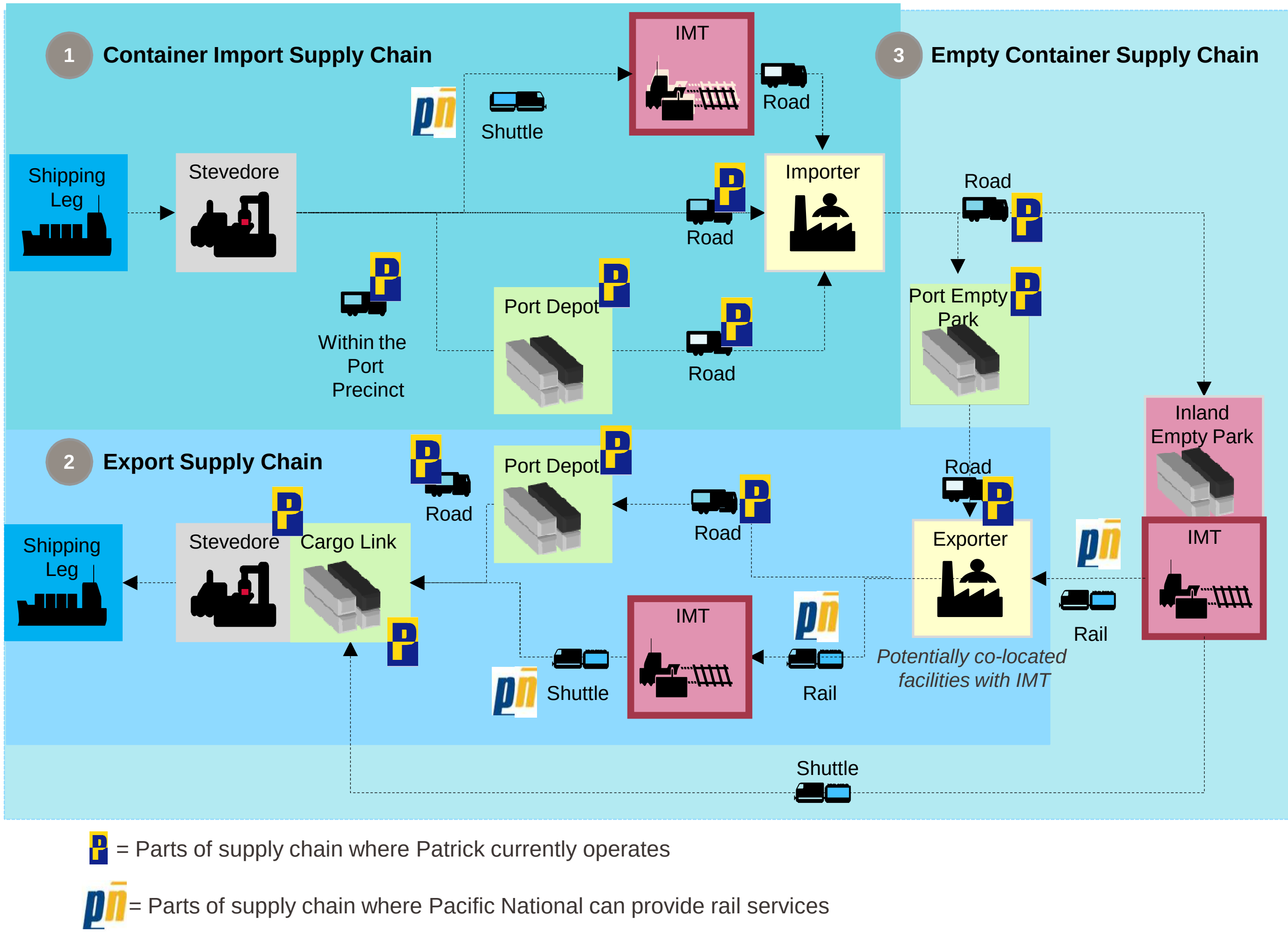
1.IMEX – import export terminal
2. BFO- Beneficial freight owner

IMEX INTERMODAL TERMINALS WILL COMPLEMENT ASCIANO'S EXISTING POSITIONS WITHIN IMEX SUPPLY CHAINS

Inland Terminal development

- Asciano is measured in its approach to IMEX opportunities given upfront development costs and a shortfall in demand levels in the short term
- Timing and demand for IMEX terminals in Australia appears to be long term (5-10 years+)
- AIO has sufficient port-side capacity, rail capacity and inland depot capacity at all major Australian ports to meet forecast demand in next 5-10 years
- After this AIO will always have access to IMEX terminals such as Moorebank, as these will be open access with some form of regulated pricing
- Continued investment in road infrastructure means that road will remain a compelling option for time-sensitive freight owners for some time to come

Illustration of Patrick's participation in IMEX supply chains…



SUCCESSFUL BOLT-ON ACQUISITION STRATEGY OVER THE LAST FEW YEARS WITH SELECTED STRATEGIC ASSET SALES

Completed Acquisitions

Target	Business	Date	EV	Rationale
Increase investment in Port of Geelong Unit Trust from 30% to 50%	Bulk Port	Feb 2012	$14.6m	• Strong returns from Asciano's operation of Geelong Port, Christmas Island and the Cocos Islands ports and partial ownership of the Port of Geelong
Acquired outstanding 50% interest in of C3	Bulk Logistics	Oct 2012	$55.3m	• New Zealand's leading provider of forestry marshaling and port services platform for expansion into Australia and potentially offshore
Mountain Industries	Bulk Logistics	Oct 2013	$85m	• Complements bulk logistics supply chain solution offering
Smith Channon	Autocare/Customs Broker	Expected Mid 2014	<$2m	• Increases customer retention for Autocare and serves as in-house customs broking channel

Completed Divestments

Asset	Type	Date	Profit on sale	Rationale
Autostrad™ Technology	Terminals	Feb 2012	$14.2m	• Sale of intellectual property non core
Refuelling depot Kooragang Island	Coal	Dec 2012	$21.5m	• Redundant following Greta redevelopment

SUMMATION & OUTLOOK

- **Asciano has been tracking well to original plans but like many companies is facing the realities of the Australian economy**:
  Challenge: *Maintaining earnings growth in a flat economy and ensuring returns meet hurdle rates*
  Action: *Cost take-out to offset lower top-line growth and restore earnings growth trajectory*

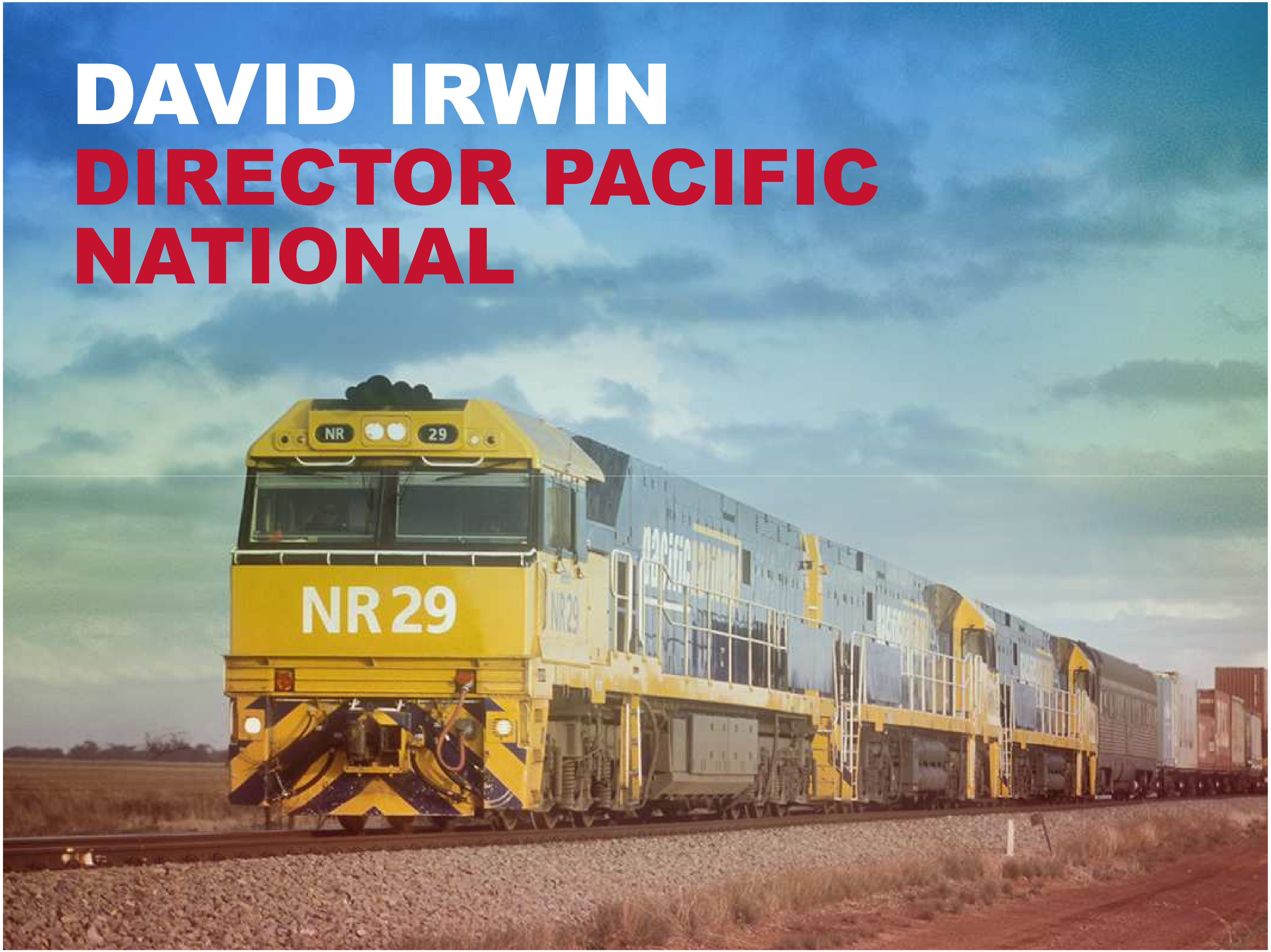
- **Asciano continues to expect to report:**
  - Low single digit growth in Underlying NPAT in FY14, in line with guidance from the start of the year
  - An increased rate of earnings growth in FY15

- **We have 18 months to go to complete our original 5 year plan. We are focused on still delivering on our key target metrics, and in particular:**
  - *Completion of capex upgrade by FY16 thus reducing sustaining capex back to depreciation*
  - *Strong free-cash flow from FY15/16 allowing lower leverage and an increase in our payout ratio*
  - *Maintained commitment to 10%-15% EBIT growth over the period*
  - *Maintained commitment to internal returns objectives*
  - *Management still believe most 5 year strategic plan objectives can be achieved*

- **Strategic growth options being pursued but not at expense of free cashflow, reduced leverage, or capital management options:**
  - *Bolt on opportunities exist in Bulk Ports and Port Logistics and are being explored*
  - *Larger inorganic growth opportunities will not be considered until above objectives are met*

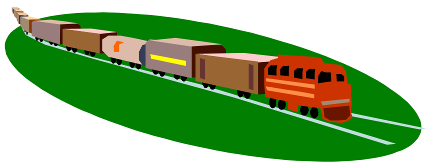
1. Underlying – pre material items

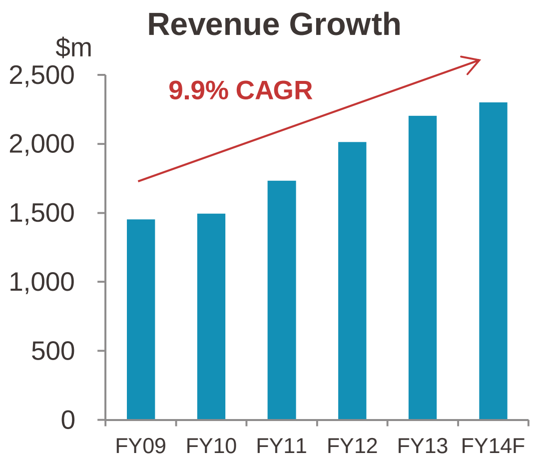
DAVID IRWIN
DIRECTOR PACIFIC NATIONAL

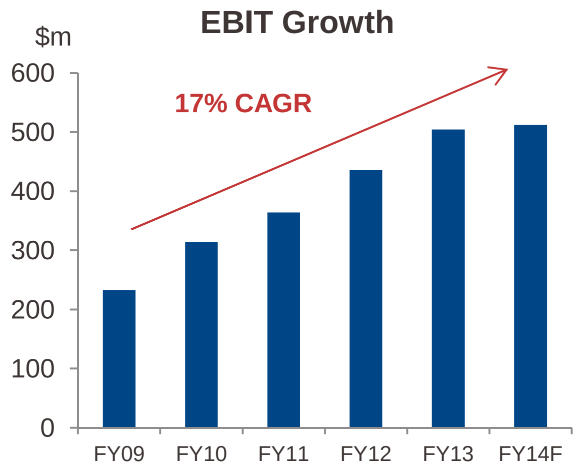


PACIFIC NATIONAL AT A GLANCE

Employees 3,600 FTEs
(estimate as at 30 June 2014)



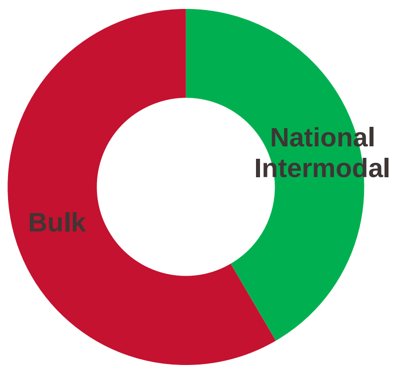




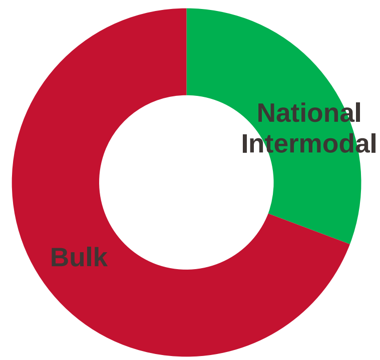
Rolling Stock[2]
12,688 wagons
581 locomotives

Key Metrics
800 train services a week
Annual TEUs 650,000
156m tonnes of coal hauled[1]
24m tonnes of non coal bulk hauled[1]
41% of export coal haulage
70% of rail freight on east-west and north south long haul corridors

Divisional Revenue Split FY14F

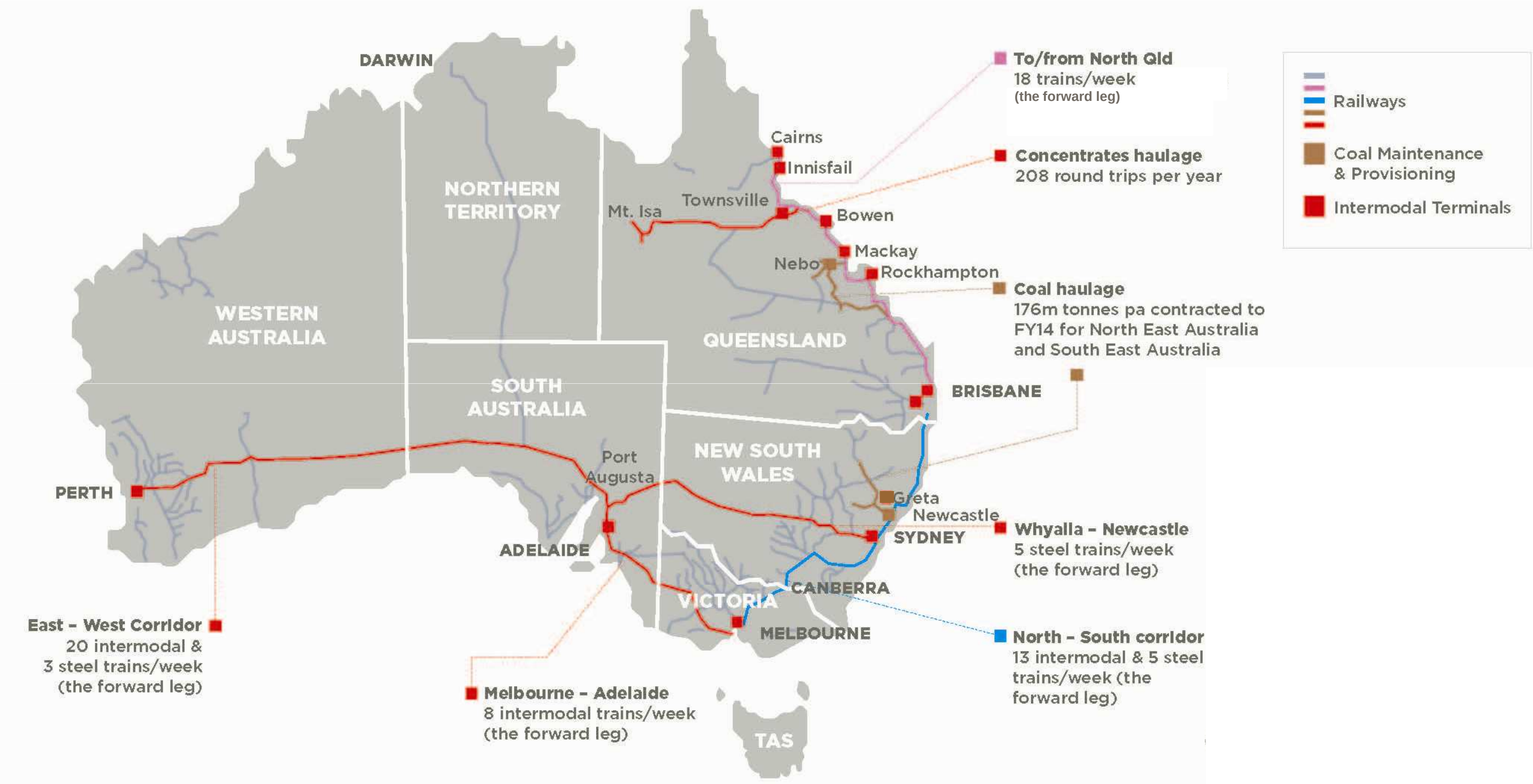


Divisional EBIT Split FY14F



1. FY13
2. Post write down of assets

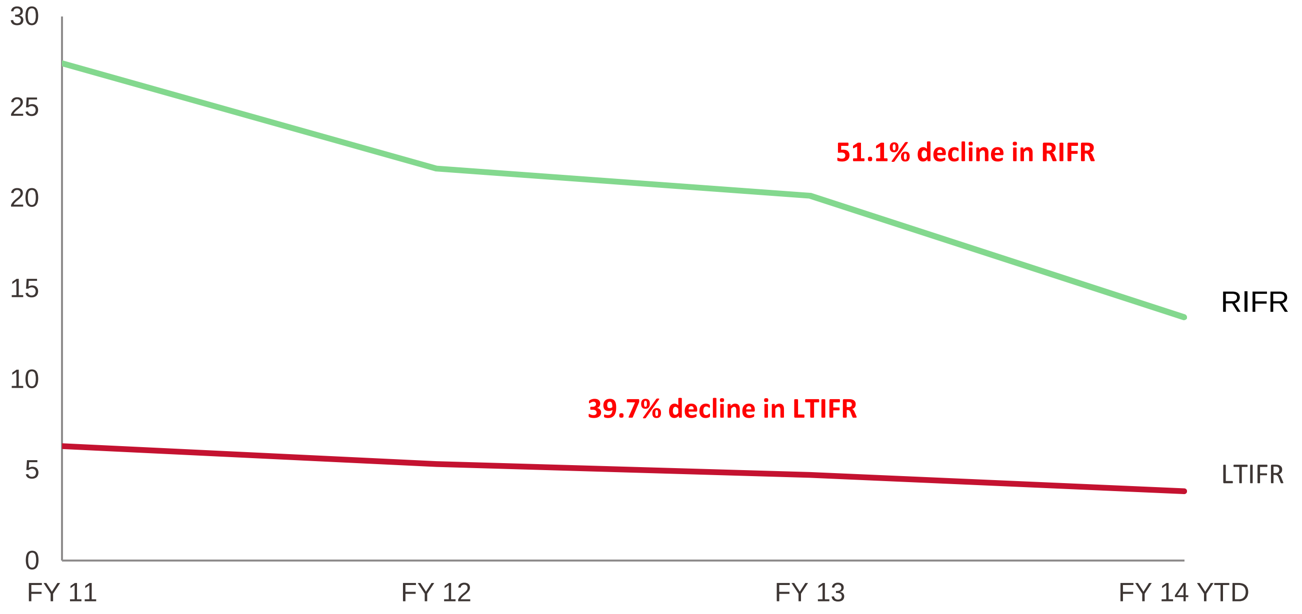
OUR NATIONAL PRESENCE



HOME SAFELY

Continued strong progress is being made in safety performance

Pacific National Injury Frequency Rate Performance



CHANGING MARKETS

- Greenfield coal projects are being deferred, intermodal volumes are flat after a period of decline, grain volumes will continue to be cyclical
- Pricing pressure from road and rail competitors aggressively seeking market share
- Customers are under margin pressure
- We are customer focused and work with each and every customer to achieve the best outcomes possible
- **PN retains a leading market presence in a critical industry with good returns and is adapting to these short term trends**

TRANSFORMATION TO NEW BUSINESS MODEL

- Opportunity to build on what is strong, strengthen areas of weakness, make use of scale to drive efficiency and better serve our customers

- Transformation is redefining the business model for Pacific National

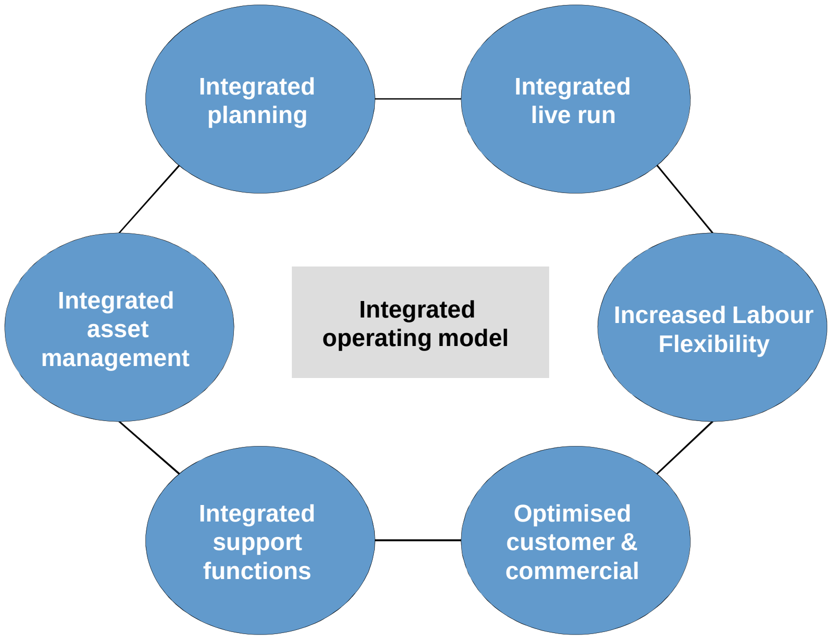
- The objective is to unlock capability, increase focus and efficiency and become simpler for our customers to deal with

- Our new business model is well considered – it is the product of extensive management review to understand opportunities and risks coupled with an international scan assessment of alternative models to offer new ideas

- It offers functional excellence and customer primacy – we believe it is the best structure for our rail business aligning strongly to our culture

OPPORTUNITY TO INTEGRATE BACK OFFICE AND SUPPORT ACTIVITIES WHILST RETAINING SEPARATE CUSTOMER FOCUS

Underpinning the integration are six key opportunities



Support functions = Finance, HR, IT, Strategy, Legal, Safety etc

- New Pacific National division will have three business units;
  - Coal and Bulk Rail - Queensland
  - Coal and Bulk Rail – NSW/Vic
  - Intermodal (to be managed nationally)
- Business units to retain primary responsibility for customer relations and account management

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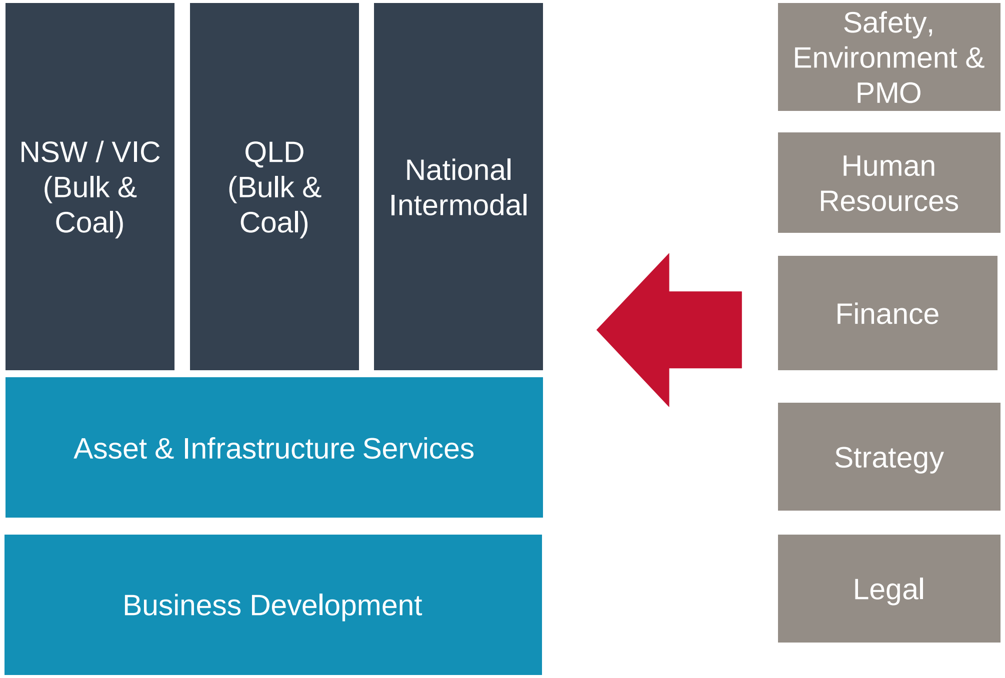
ASPIRATION

To be the recognised market leader for bulk and intermodal freight, characterised by superior customer service and a focus on innovative solutions.

PACIFIC NATIONAL STRUCTURE



Functional Streams
Delivering expertise and support in a business partnering model connected to Asciano corporate functional direction

Adding value by coordinating PN-wide programs to enhance performance/leverage scale

Business and Service Streams

- Understanding customer needs
- Managing customer relationships
- Excellence in operational delivery
- Project managing asset and infrastructure investment to meet current and future customer needs

PACIFIC NATIONAL ORGANISATIONAL STRUCTURE

David Irwin – Director Pacific National

Stephen Cowan
GM NSW / VIC
(Bulk & Coal)

Paul Griffin
GM QLD
(Bulk & Coal)

Andrew Adam
GM National
Intermodal

Carlo Cutinelli
GM Business Development

Peter Hands
GM Asset & Infrastructure Services

Rob Wilkinson
GM Safety, Environment & PMO

Simone Hartley–Keane
GM Human Resources

Glen Steedman
GM Finance

Geoff Featherstone
GM Strategy

Harry Kingsley
Senior Legal Counsel

PACIFIC NATIONAL FLEET RATIONALISATION

The integration of the Pacific National business has resulted in significant fleet rationalisation and improved efficiency and savings

Pacific National integration outcome

Integration outcome	Number of assets	Net asset value ($ million)
Removal of locomotives from the fleet and associated inventory	100	~30m
Removal of wagons from the fleet and associated inventory	1,800	~20m
Rationalisation of maintenance facilities and plans	Review Underway	
Reduce maintenance cost and improve reliability	Underway	

The PN integration is expected to deliver improved rolling stock efficiency and fleet savings of a minimum of $25m per annum from FY15

INTEGRATION COSTS & BENEFITS

- Pacific National transformation costs $75-80m

- Asset write downs of approximately $50m
  - 100 locomotives to be scrapped
  - 1,800 wagons to be scrapped
  - rationalisation and review of future capital expenditure

- Staff rationalisation and other costs ~$25-$30m
  - Most redundancies will be complete by 30 June 2014

- These integration costs will position Pacific National to achieve its revised BIP target of $161m for FY16

WORKING WITH OUR CUSTOMERS

- PN innovates through co-creation with our customers, agreeing on commercial structures that challenge existing thinking while aligning objectives & securing long term value
- Our haulage agreements have many components :

  - Length of contract

  - Haulage volumes Year by Year

  - Take or Pay levels

  - Rolling stock configuration & cycle times

  - Risk sharing affecting performance benefits and penalties

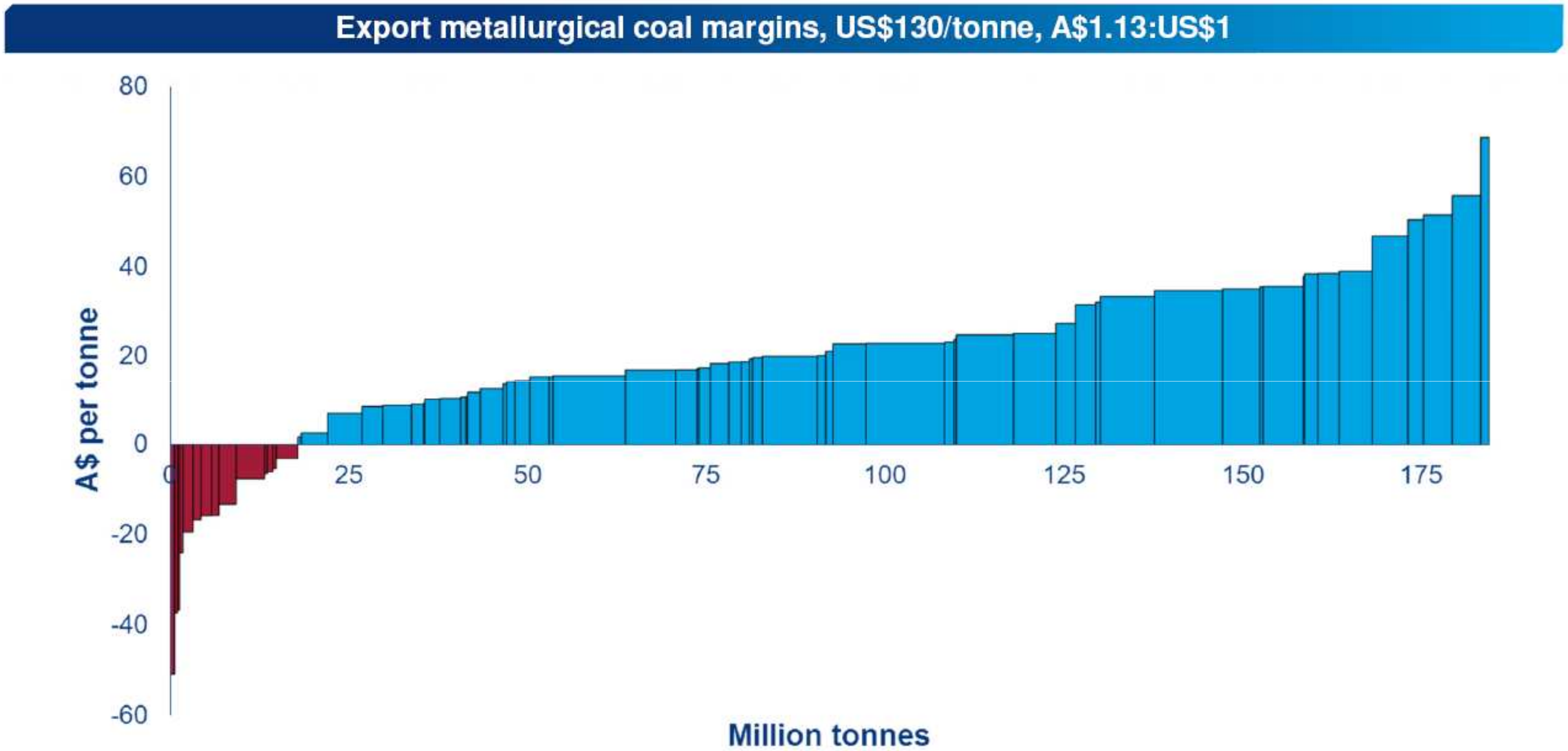
Any new contract or variations to existing contracts, must result in an improved long term position for Pacific National

COAL COUNTERPARTIES

Split of Coal Tonnes by Nature of Counterparty FY14F

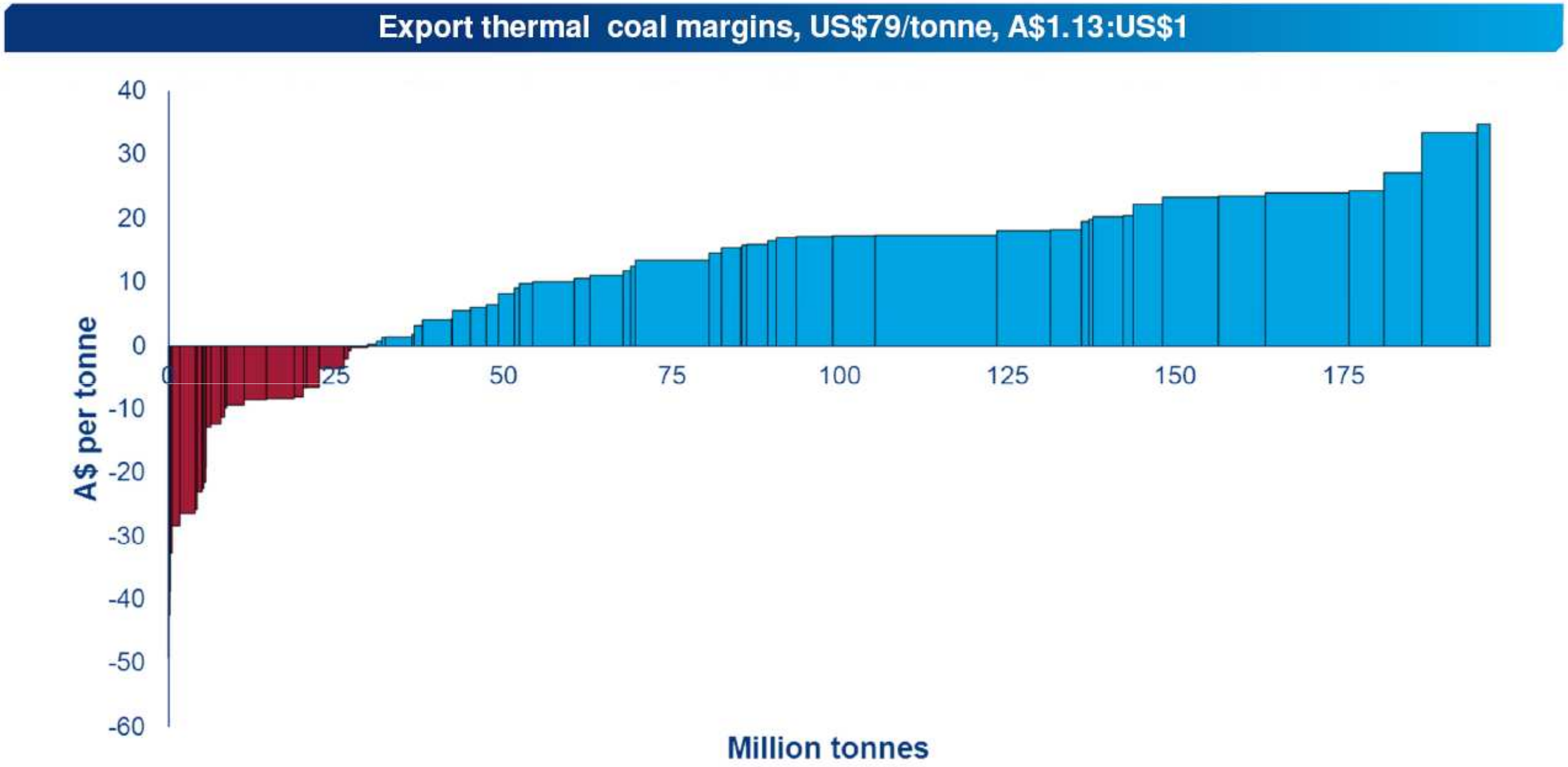
- Exposure predominately to multinational organisations
- Demand still strong - coal prices driven by over supply
- Pacific National exposure is on volume not price
- Volume of tonnes hauled to contracted tonnes has increased from 82% (FY13) to ~90% (FY14F)
- Effective reduction in the haulage rate per tonne for producers
- Take or pay provisions are very clear
- Recent negotiations have been addressing our risk position

METALLURGICAL COAL MARGINS



Source: Wood Mackenzie Coal Global Economic Model

THERMAL COAL MARGINS



Source: Wood Mackenzie Coal Global Economic Model

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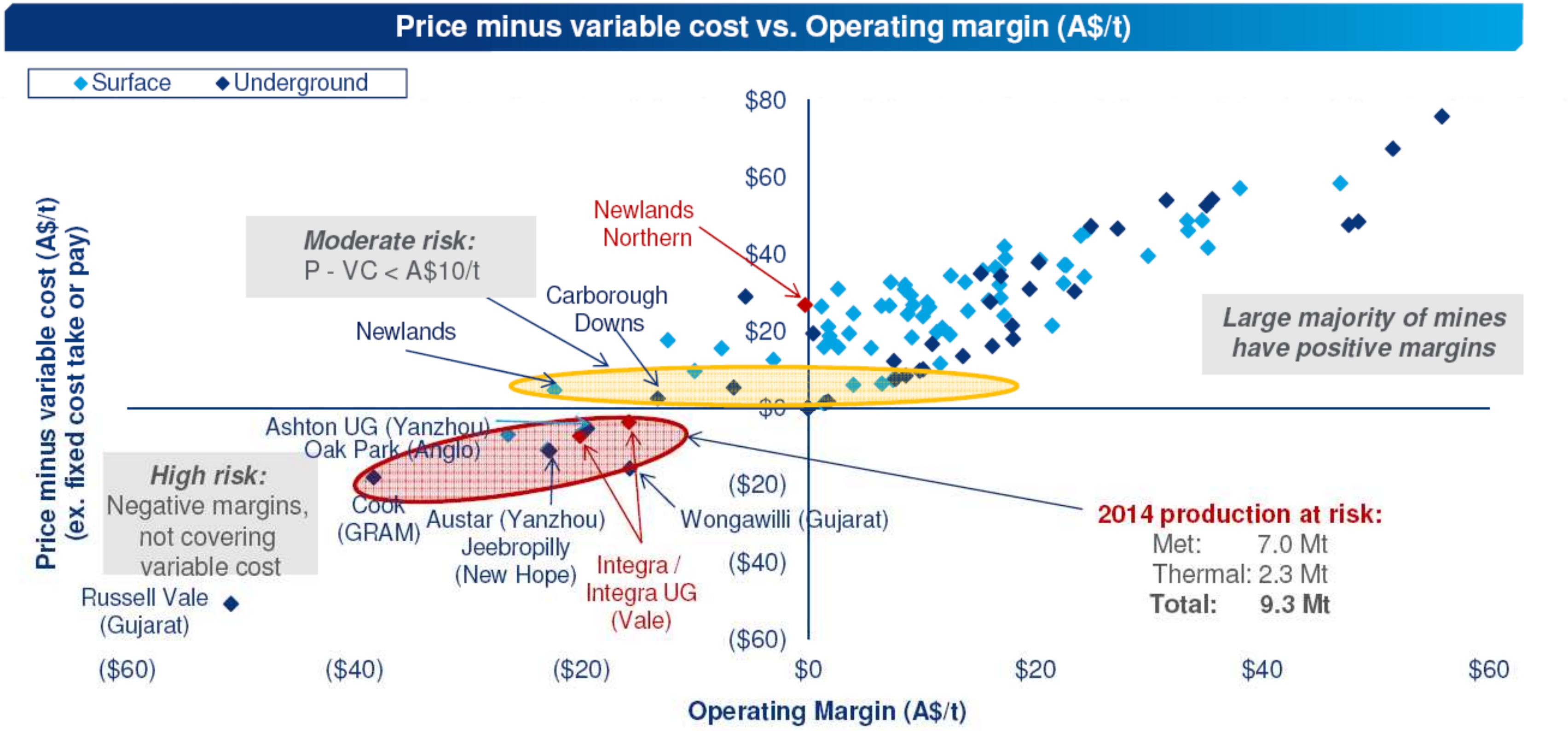
MINES AT RISK



Source: Wood Mackenzie Coal Global Economic Model

Pacific National has minimal exposure to at risk mines

OPERATIONAL INTRODUCTION

- **National Intermodal**
  - Terminals for Tomorrow
  - Moorebank Implications
  - Port Kembla Remote Controlled Shunting
  - Toll Property Acquisitions
  - Project 95 Update

- **Queensland (Qld)**
  - Business Growth Profile
  - Dalrymple Coal Chain Co-ordination (DCCC)
  - Customer Discussions
  - 88 Class Locomotives

- **New South Wales / Victoria (NSW/Vic)**
  - Hunter Valley Coal Chain Performance
  - Grain market


ANDREW ADAM
GENERAL MANAGER
NATIONAL INTERMODAL
WATER TANK
TM5

STRATEGIC INVESTMENT IN NATIONAL INTERMODAL

The National Intermodal business has been focused over the past 12 months on improving its strategic presence and productivity in a number of key locations

Terminal Upgrades at Sydney Freight Terminal (SFT) and Melbourne Freight Terminal (MFT)

TERMINALS 4 TOMORROW

- $26.3m modernisation of the SFT facility and $37.5m modernisation of the MFT facility including the replacement of 4 rail mounted gantry cranes (RMGs)

Benefits:

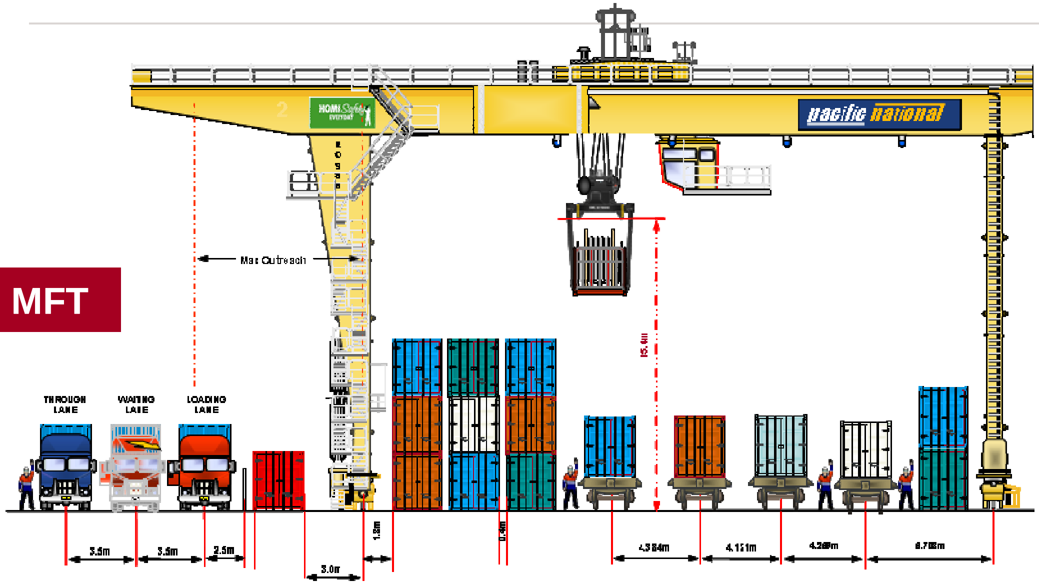
- Ability to sustain and grow terminal operations and performance in SFT and MFT
- Improved customer service and satisfaction from increased freight availability and faster truck turn-around through the terminal
- Visible competitive advantage in the market as existing and potential customers recognise our investment in modern efficient equipment
- Safer work environment with loading and unloading of trucks under the gantry cantilevers
- Increased container storage handling capability using the RMGs, providing SFT capability for port shuttles

Property Acquisitions in Queensland

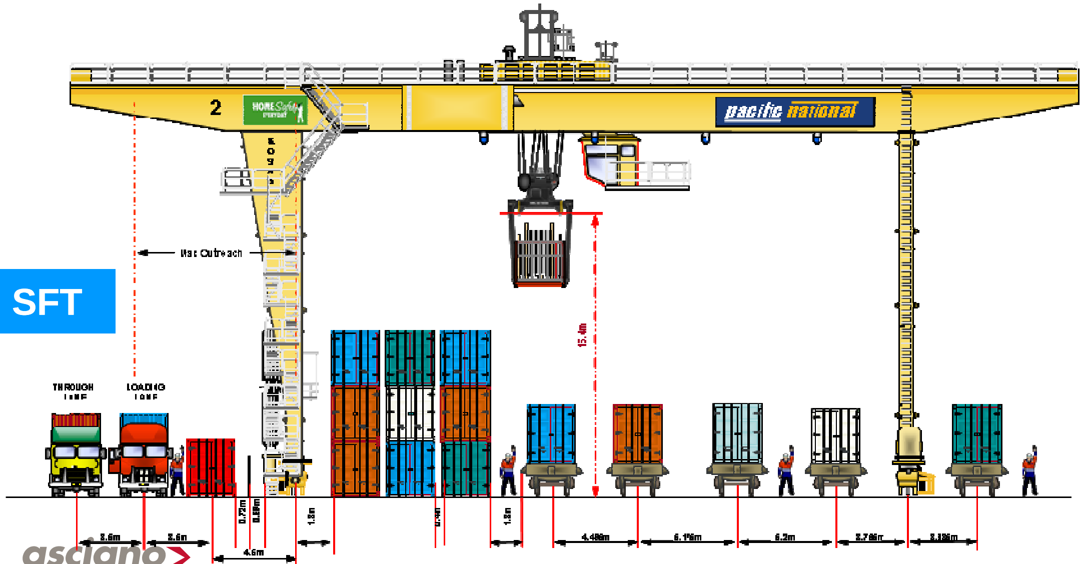
- Strategic acquisition of 5 Toll properties in Queensland
- Toll Group has committed to providing National Intermodal with at least 90% of Toll's freight on the corridor.

RMG CONFIGURATION & PERFORMANCE

MFT

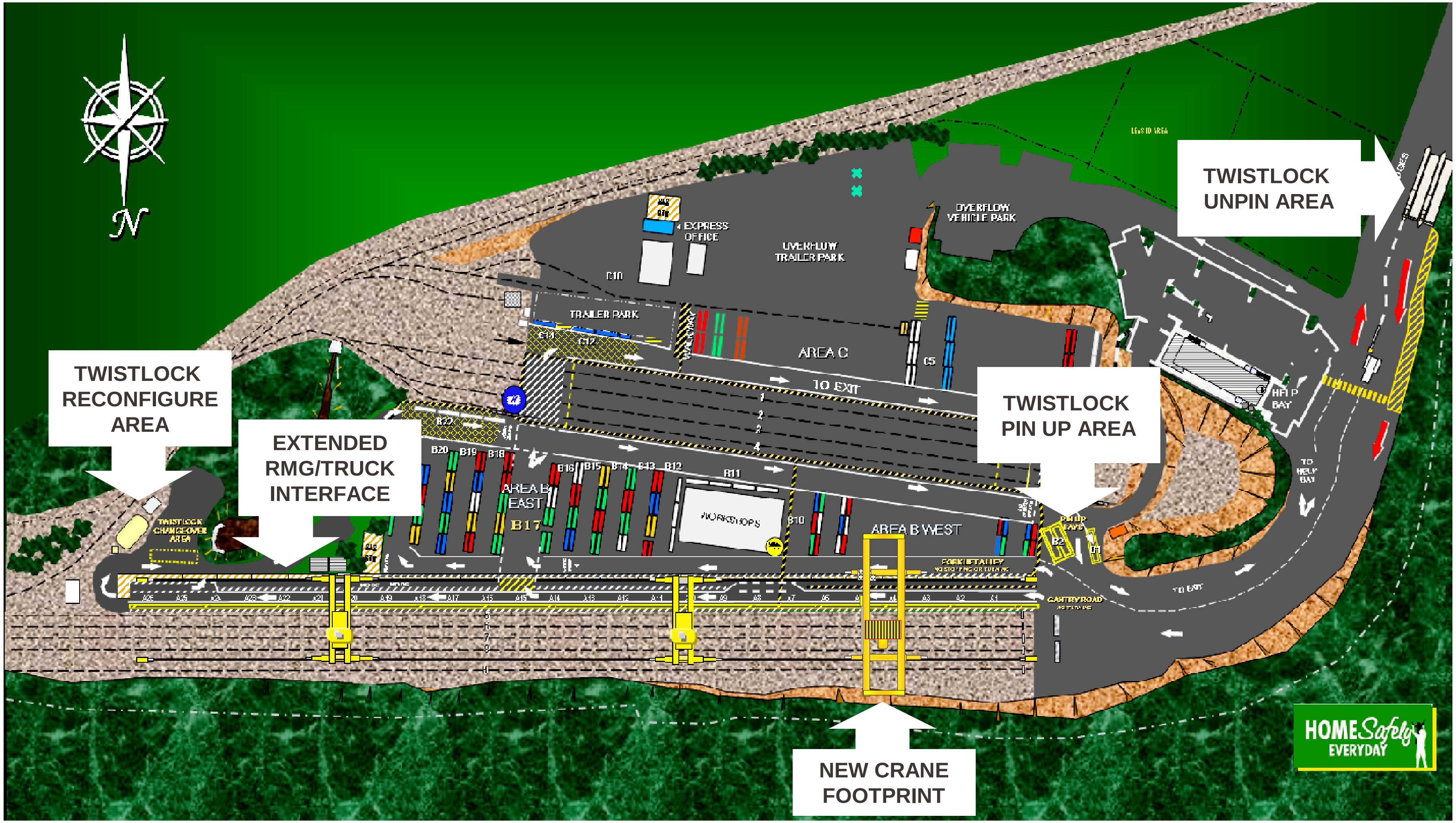


SFT



SPEC.	CURRENT RMG	NEW RMG
Rated Load	33T	41T
Long travel speed	72m/min	150m/min
Cross travel speed	42m/min	120m/min
Hoist speed	14.7m/min	60m/min
Height	1 over 1	1over 4

SYDNEY FREIGHT TERMINAL – JANUARY 2015

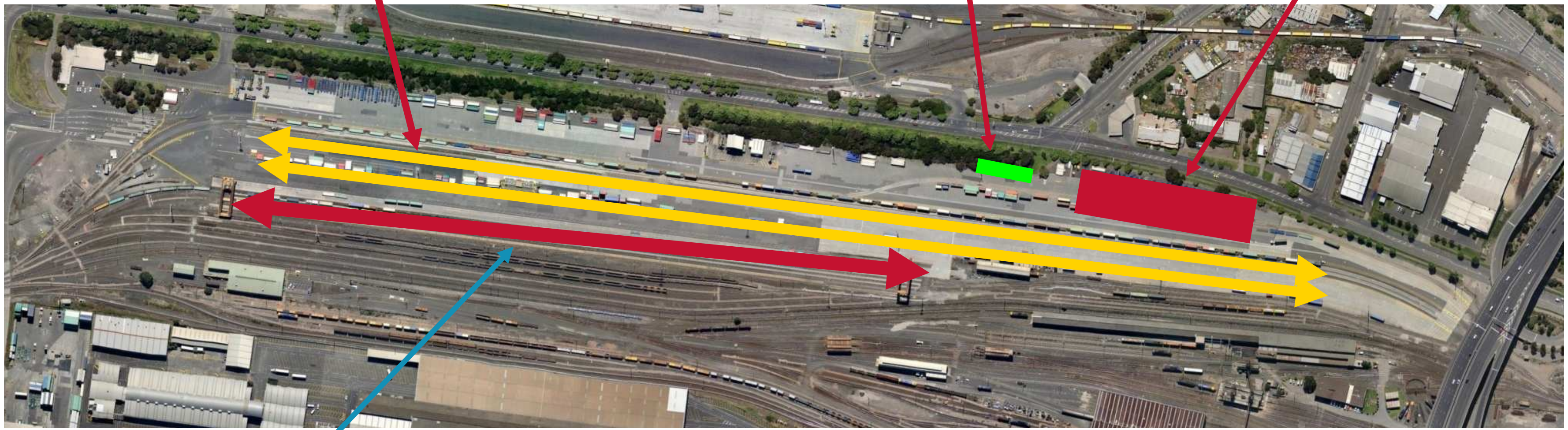


MELBOURNE FREIGHT TERMINAL – AUGUST 2015

Intermodal Operations
- 2* 1200M SG & DG roads
- Gauge transfer
- Steel Products distribution
- Enabling infrastructure including upgraded electrical supply and reticulation, tie-in pavement works and gantry rail realignment

Steel Warehouse
1000M2

Steel Products
4000M2



Replacement RMGs
- 2 x new 32m RMG cranes over 4 * 670m roads
- Enabling infrastructure including upgraded electrical supply and reticulation, tie-in pavement works and gantry rail replacement on plinth
- Trucks serviced under RMG cantilever for increased safety

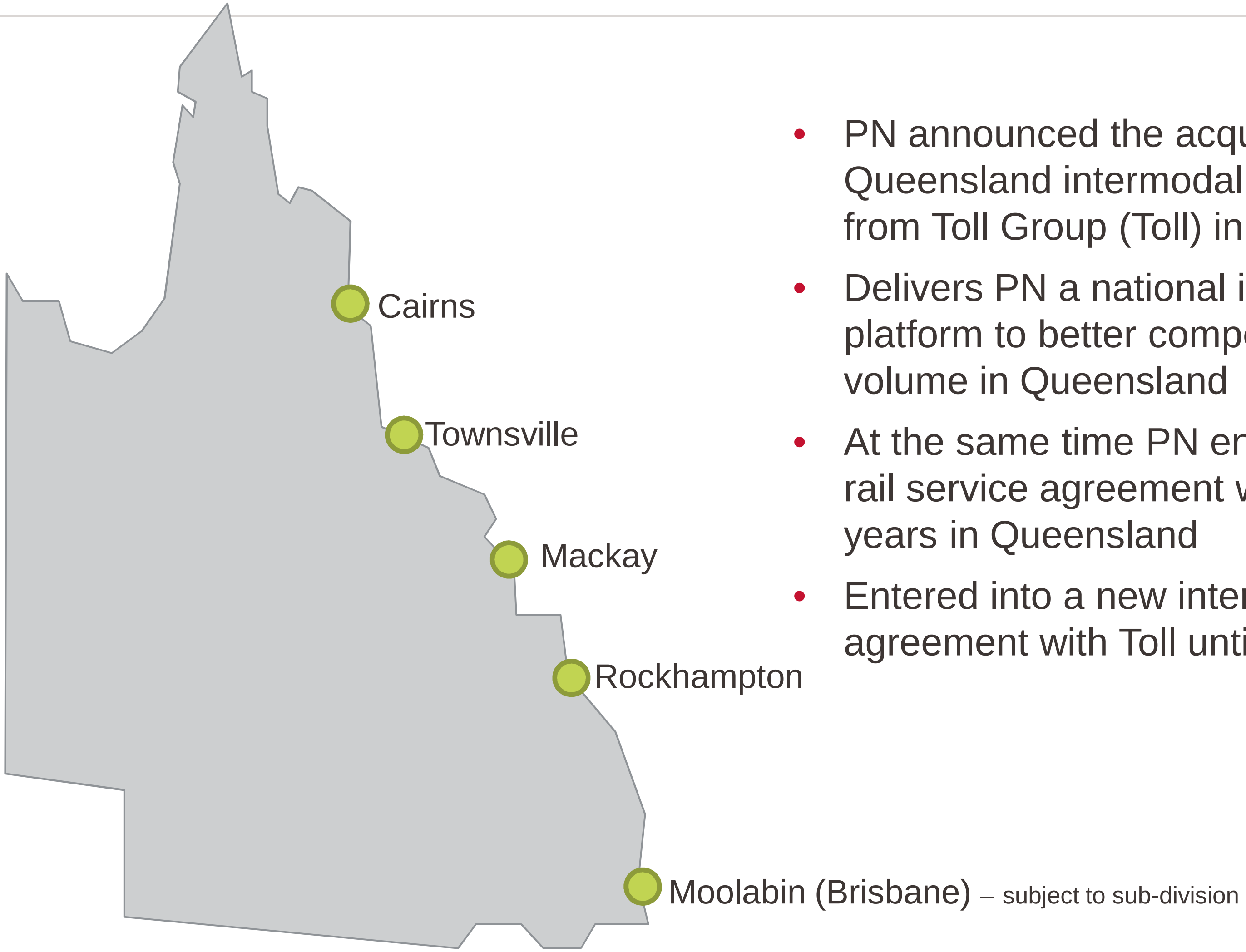
Enabling Infrastructure
- Traffic management at entry
- Upgraded fire service
- 11Kv power supply
- Railwork at entry
- Steel sidings upgrade
- Demolition of old building
- Conversion of 2 roads to dual gauge

REMOTE CONTROL LOCOMOTIVE OPERATIONS

- Replacement of 45 yr old BlueScope Steel locomotive (loco) fleet
- 7 new NREC locos utilising GenSet technology and Remote Control
- Commercially and culturally beneficial to PN and BlueScope
- Significant employee safety improvement

- **Timeframe**
- PB1 currently in transit
- Post regulatory testing handover: 8-Aug-14
- 1st Locomotive operational: mid-Sep-14
- 7th Locomotive fully operational: 1-Jan-15

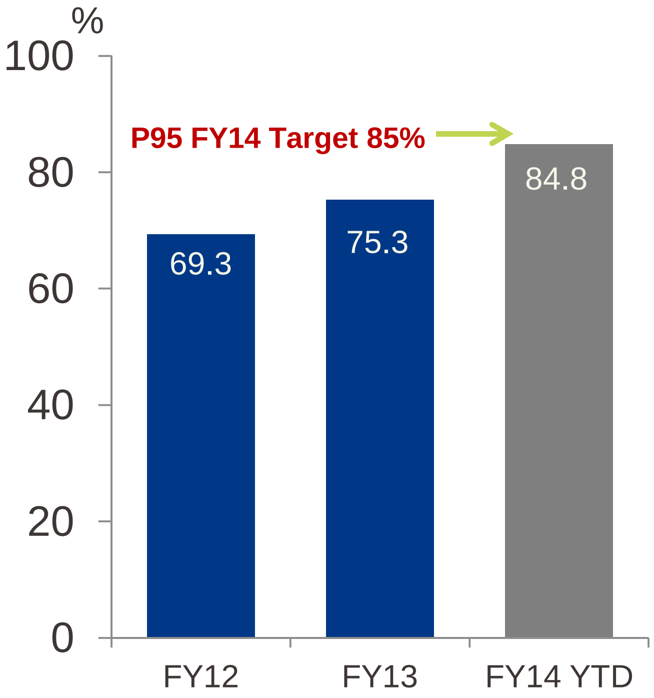
QUEENSLAND PROPERTY ACQUISITION



- PN announced the acquisition of five Queensland intermodal rail terminals from Toll Group (Toll) in December 2013
- Delivers PN a national intermodal platform to better compete for customer volume in Queensland
- At the same time PN entered into a new rail service agreement with Toll for 13 years in Queensland
- Entered into a new interstate linehaul agreement with Toll until 2022

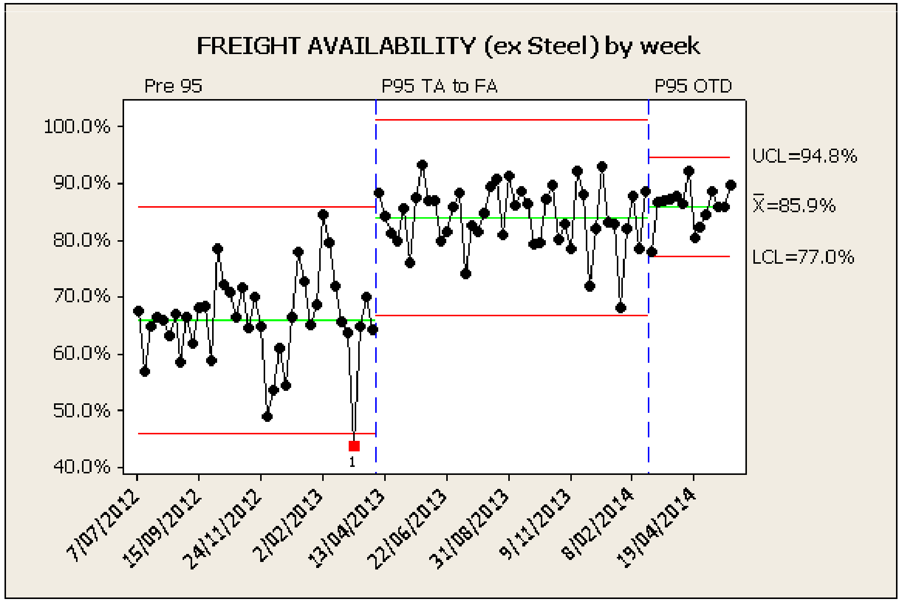
PROJECT 95 - *TO MAKE "FREIGHT AVAILABLE" TO OUR CUSTOMERS ON TIME 95% OF THE TIME*

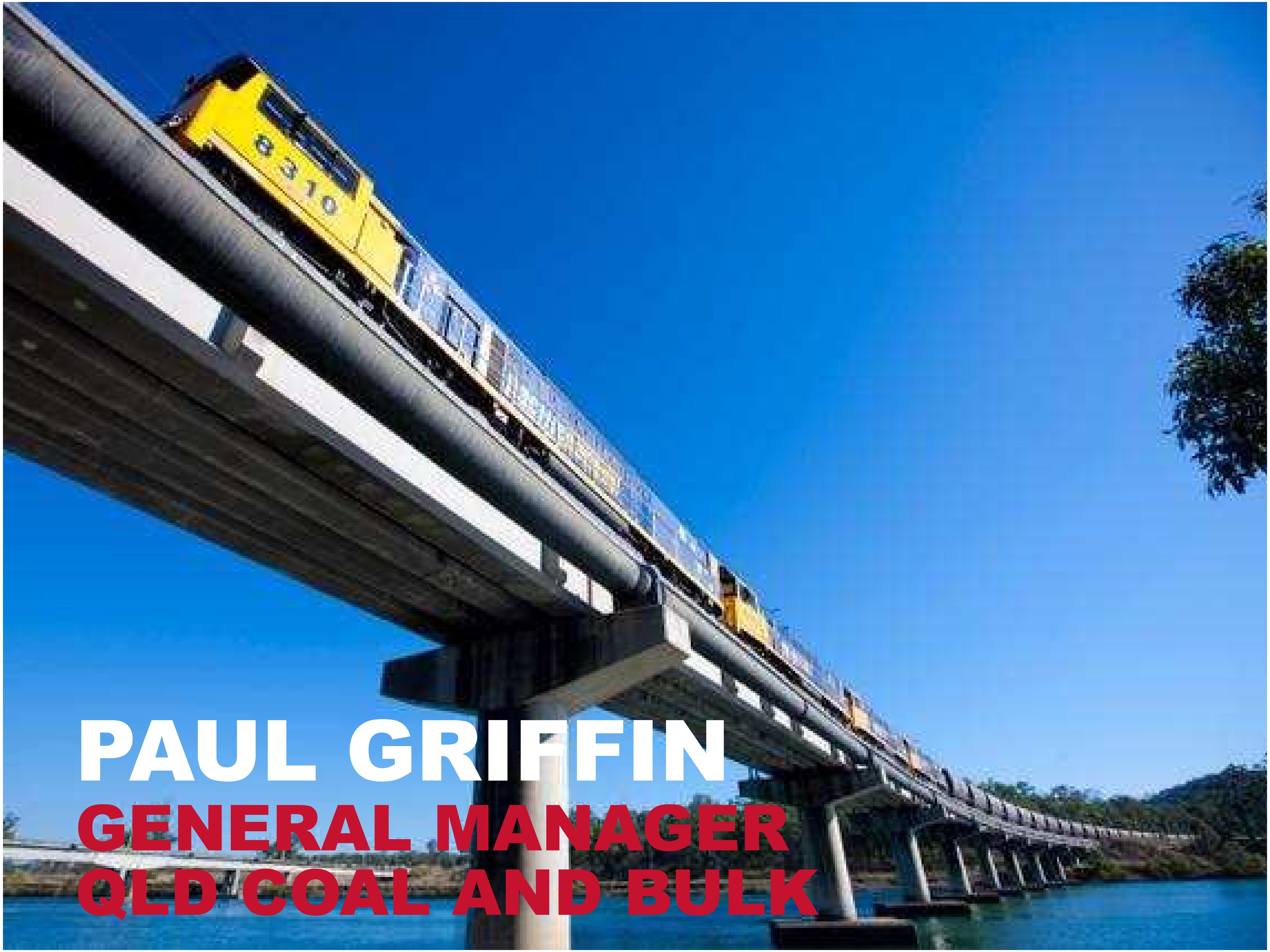
PNI Freight Availability (inc Steel)



- June 14 MTD result is 92% (incl steel)
- June 14 result required to achieve FY14 target is 88% (incl steel)

- Ownership at operational level through dedicated resource
- Sustained FY13 process improvement gains during FY14
- Significant core process improvements across terminal locations during FY14 - On Time Departures Improvement - AFT 10% / BFT 10% / MFT 20%
- On track to achieve FY14 target of 85% - 10% improvement on FY13
- Focus on directing processes and analysis during FY15
- Project 95 FY15 targets to be aligned with employee goals

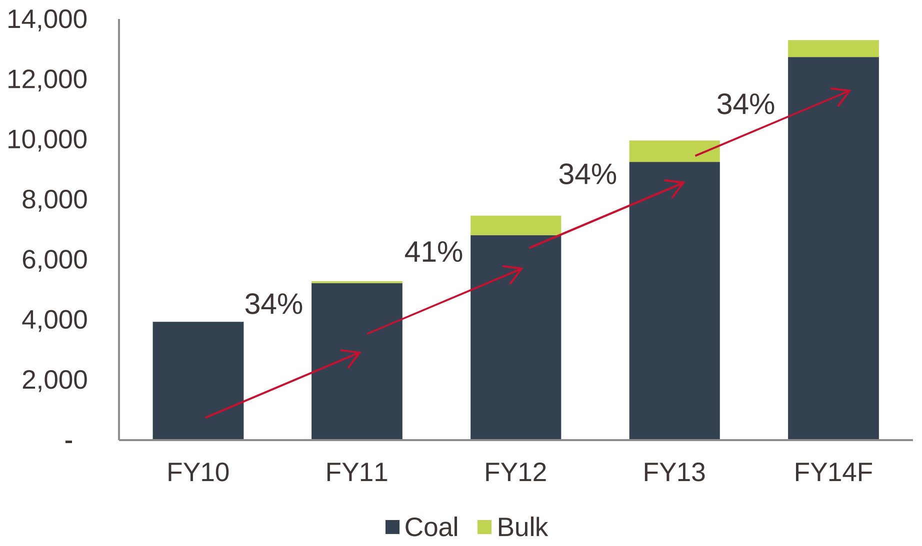



PAUL GRIFFIN
GENERAL MANAGER
QLD COAL AND BULK

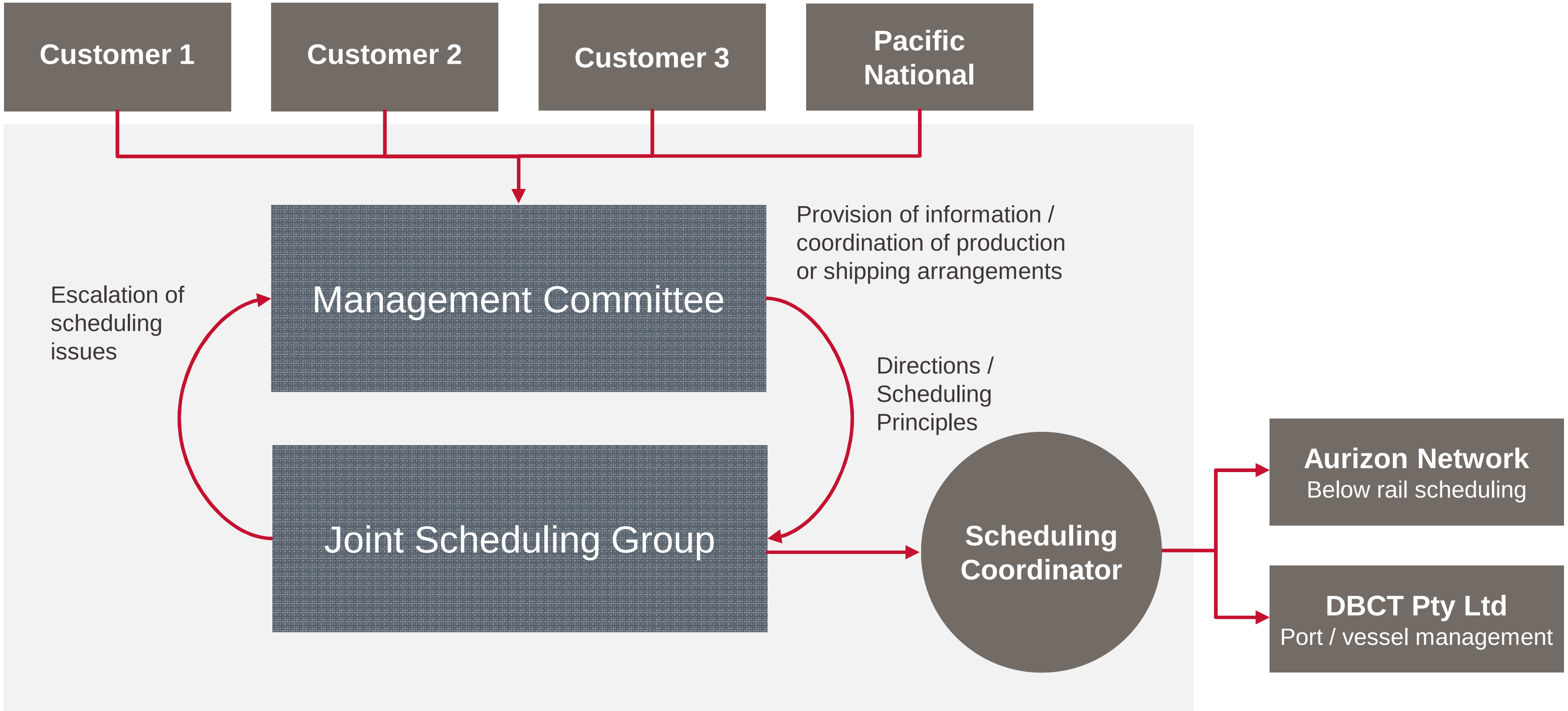
QUEENSLAND VOLUME GROWTH

- Significant YoY growth over the last 5 years
- QCoal (4Mt) starting in FY16
- Bandanna Energy (4Mt) starting in FY17
- The acquisition of Mountain Industries opens up new avenues for integrated road/rail solutions

QLD NTKs



DBCT COAL CHAIN COORDINATION STRUCTURE



Maximising throughput

Improving agility

Facilitating efficient coordination

Facilitating engagement

DBCT COAL CHAIN COORDINATION

- Why DCCC Co-ordination of short term planning to increase system throughput by reducing day of operation losses
- PN strongly supports independent coal chain co-ordination
- Interim approval from ACCC received 26 March 2014
- Engaging with producers and other supply chain participants to finalise planning process
- Scheduling Coordinator appointed
- Scheduling process further developed
- Final ACCC authorisation decision due 22 August 2014

88 CLASS LOCOMOTIVES

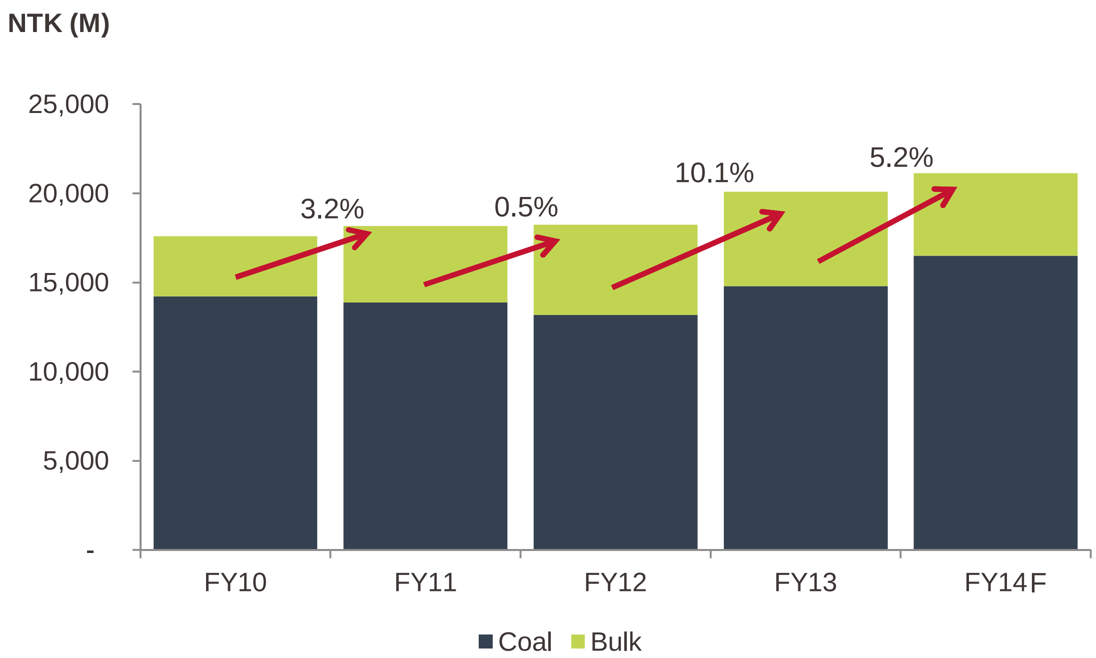
- 5 x 88 Class prototype narrow gauge locos have been delivered by CSR Qishuyan
- Designed and project managed by Pacific National
- Currently in testing and commissioning in Goonyella system
- 12 month contractual acceptance process providing opportunity for deployment on Bandanna Energy or QCoal

STEPHEN COWAN

GENERAL MANAGER
NSW / VIC COAL AND BULK

NSW / VIC VOLUME GROWTH

NSW / VIC NTKs

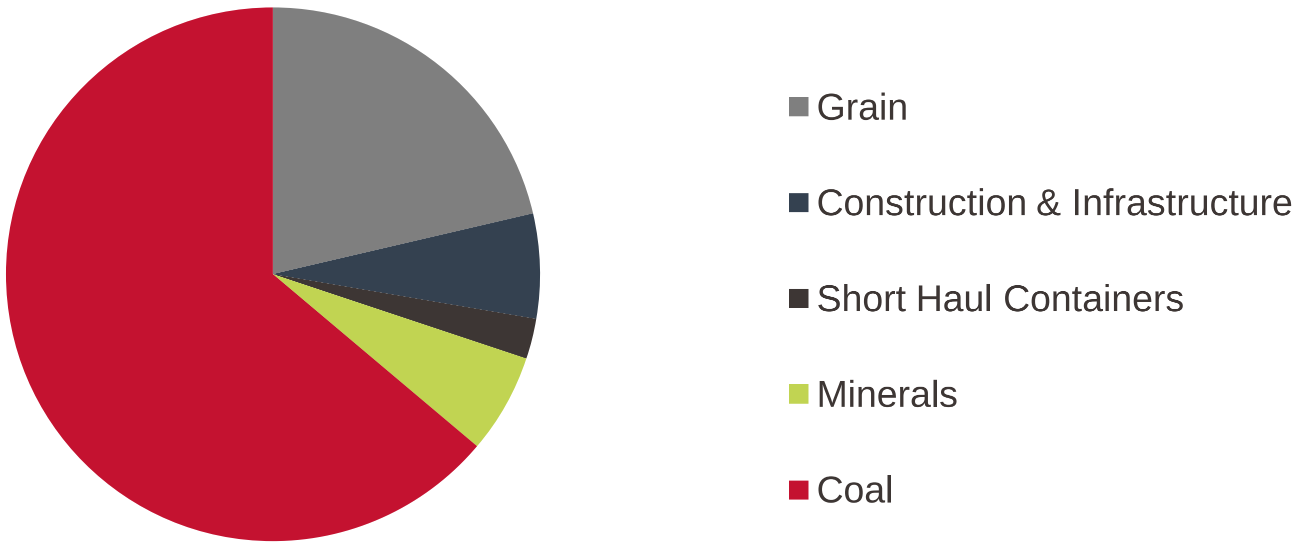


- YoY growth driven by strong growth in coal tonnage in FY13 & FY14 and strong export grain haulage in FY11 and FY12

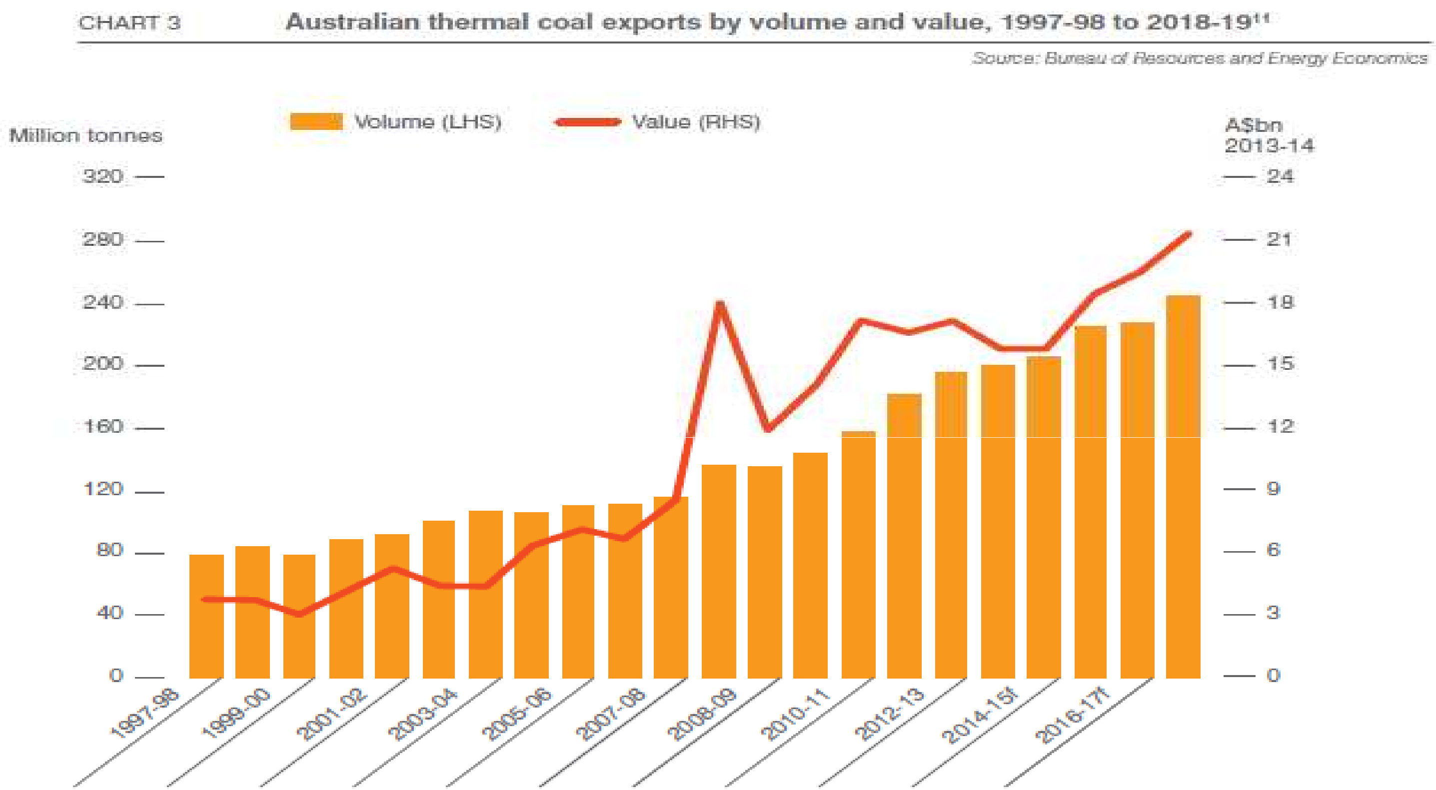
INTEGRATED SERVICE PROVIDER

- Broad span of market groups providing diversification
- Ability to direct labour for peak demands
- Recognised industry leader
- Representation with regulators and industry bodies

Revenue by market group

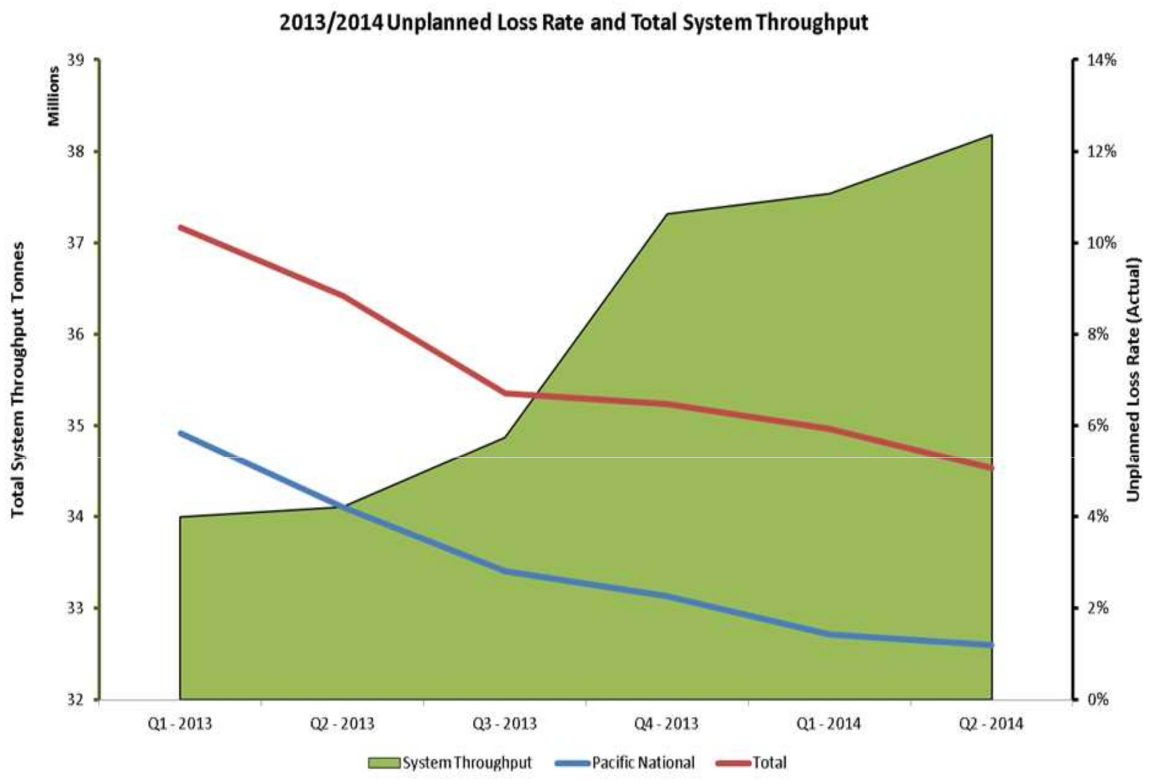


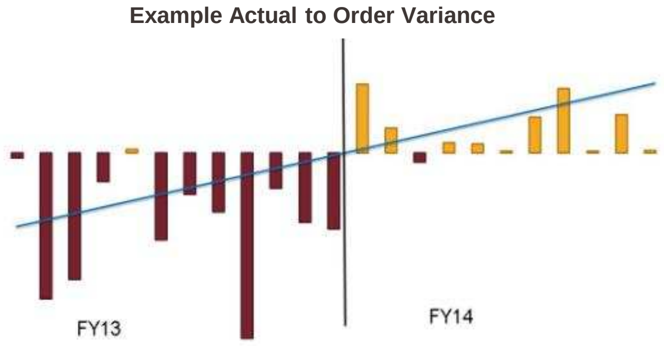
THERMAL COAL MARKET

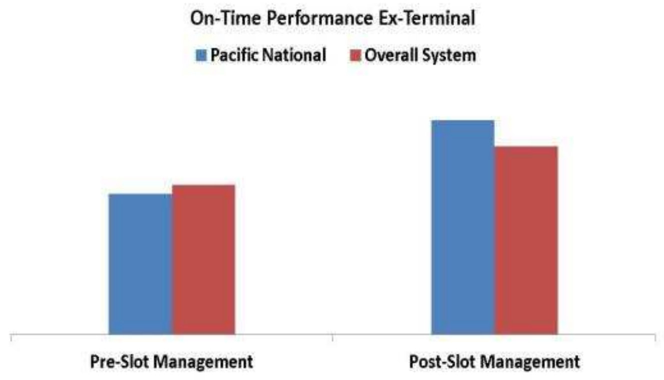


- Overall market volume forecast remains strong
- Smaller scale operations are more vulnerable to impacts of high cost low market price
- Potential for further industry consolidation, economies of scale

PERFORMANCE FOCUS –
HUNTER VALLEY COAL CHAIN





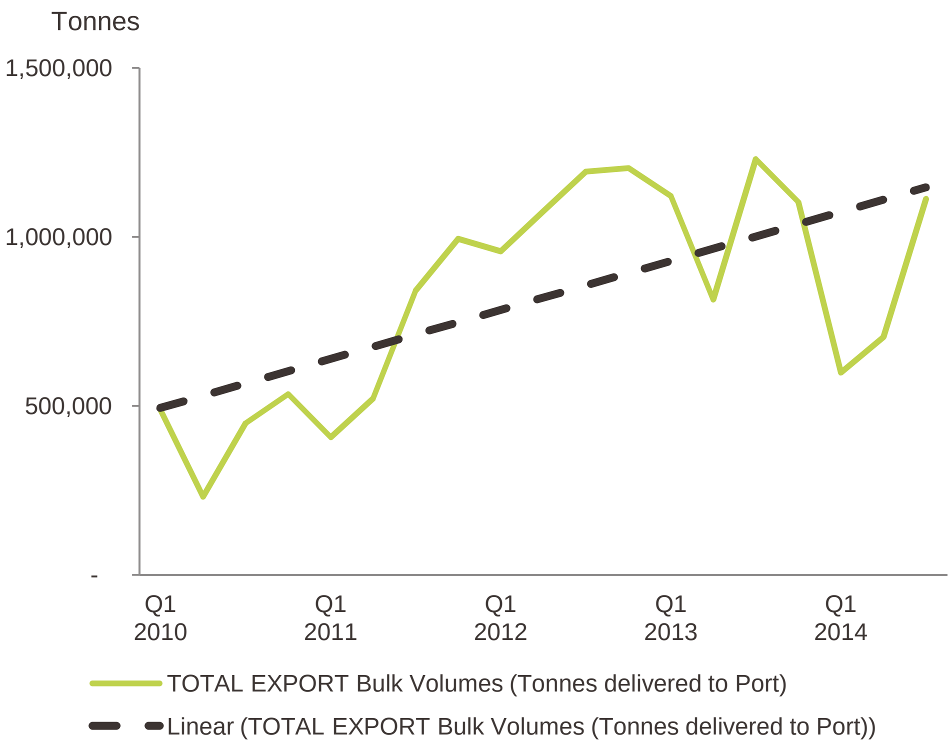


Latent capacity released through higher efficiencies and change in operating mode

- Actual cycle time
- Slot management
- Reduction in cancellations
- Improvement in on time running

EXPORT GRAIN MARKET

PN Export Grain Volumes FY10 to FY14

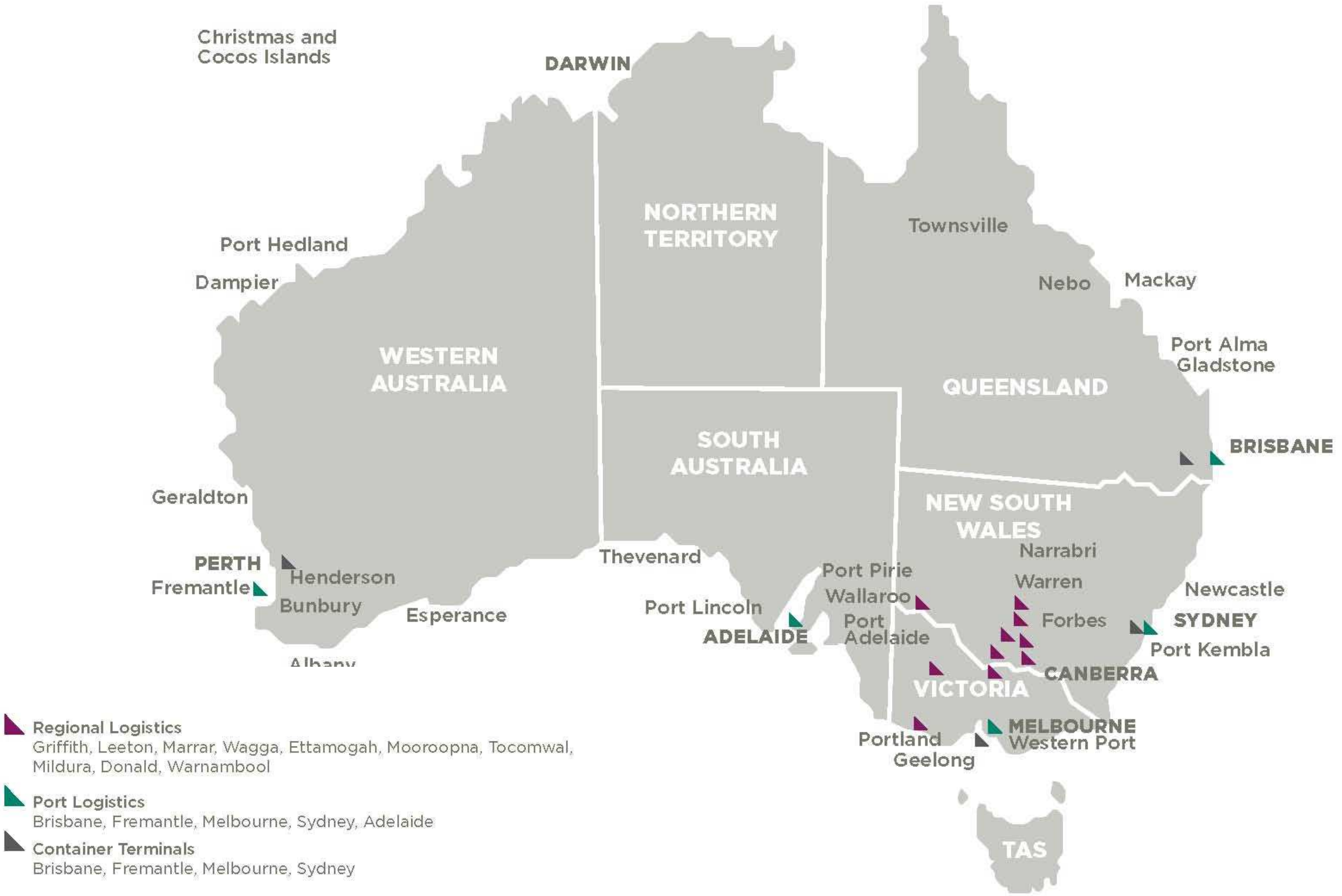


- Pacific National hauls approx. 75% of export grain and 85% of domestic grain hauled by rail on the east coast of Australia
- Pacific National hauls export grain for Graincorp, Emerald and Cargill
- Pacific National is contracted to run a minimum of 13 trains and a maximum of 20 trains depending on demand
- Overall market continues to show growth however challenged by seasonality
- Integrated Pacific National NSW & Vic creates the opportunity for a flexible workforce to address this seasonality
- In addition combined logistic and asset base supports strong regional footprint

ALISTAIR FIELD

DIRECTOR
TERMINALS & LOGISTICS

OUR NETWORK



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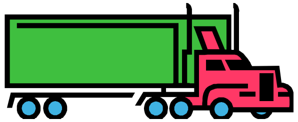
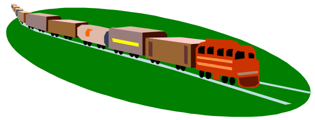
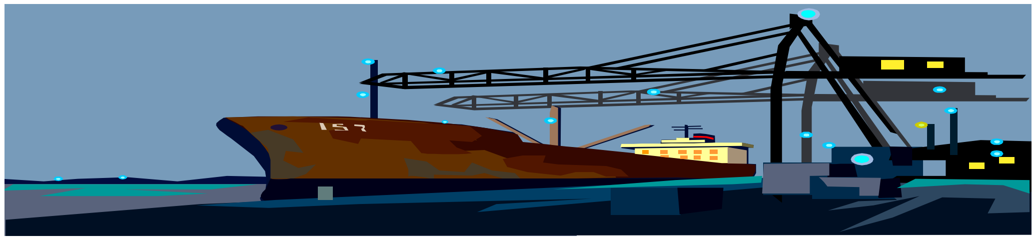
TERMINALS & LOGISTICS AT A GLANCE

FTEs 1,873

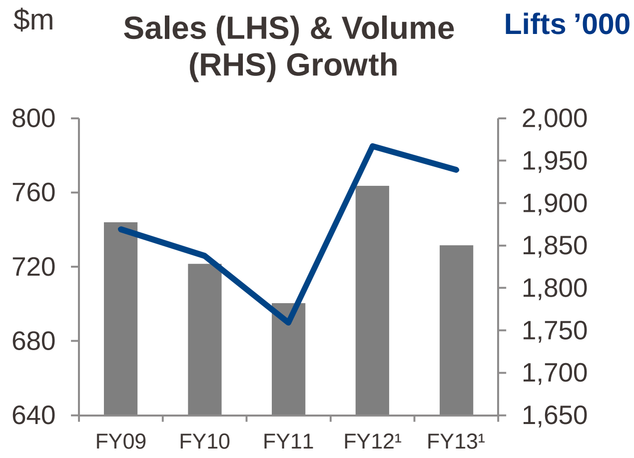


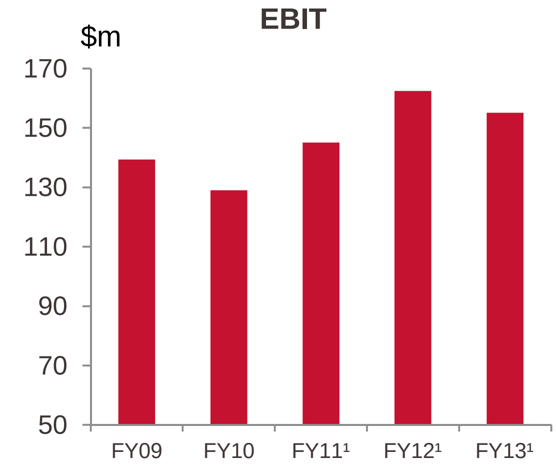


Integrated landside logistics network
270 trucks & 2 port link rail bridge services



Container Terminal Presence	Lease Term	Footprint	Equipment
Port Botany	2043	1,005 mtrs quay line, following completion of the knuckle 1,400mtrs 3 berths (4 berths post knuckle)	8 cranes, 50 straddle carriers and other cargo handling equipment
East Swanson Dock	2034	885 mtrs quay line 3 berths	8 cranes, 47 straddle carriers and other cargo handling equipment
Fisherman Islands	2045	930 mtrs quay line 3 berths	4 cranes, 30 straddle carriers and other cargo handling equipment
Fremantle	2017	766 mtrs quay line 2 berths	4 cranes, 41 cargo handling pieces of equipment





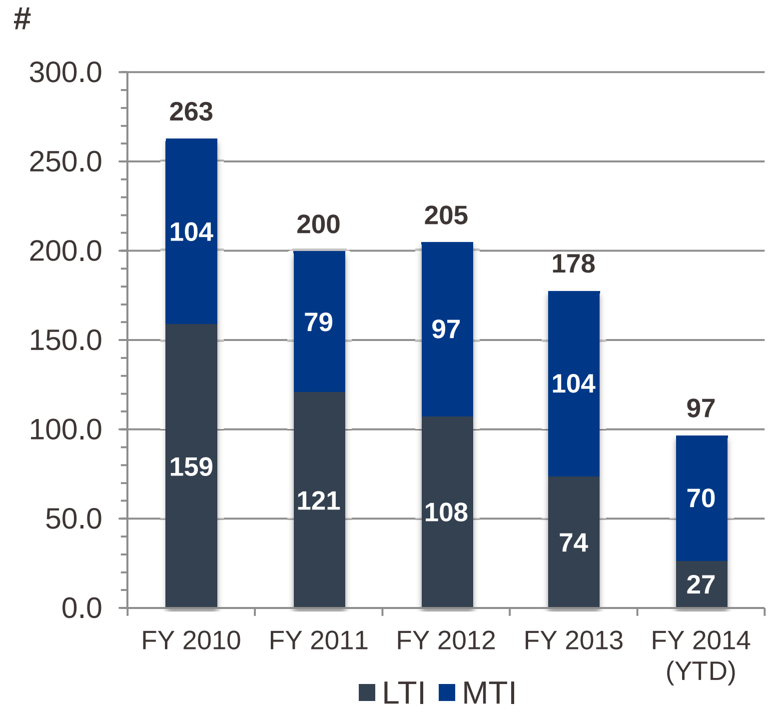
1. Adjusted for one off asset sales and legal settlements

HOME SAFELY

HOME Safely EVERYDAY

Patrick's FY14 target is to reduce recordable injuries by 15% annually
To be "Best in Class" RIFR

Terminals & Logistics Recordable Injury Numbers



Recordable Injury Targets

To achieve 'Best-In-Class'
Terminals Logistics

	LIFR	RIFR
Best In Class	3	15
Patrick 12 Months prior	20	42
Patrick Today	7.0	25.7

We are committed to building a safety culture, with safe systems and safe places of work, that ensures our people get "home safely everyday"

asciano

PATRICK TERMINALS AND LOGISTICS EXECUTION FRAMEWORK

Target customers → Strategic Assets → Supply chain & linkages → Customer offering → Profit

Customers
- Cornerstone shipping customers
- New business
- BFO importers / exporters & FF

Capacity
- Terminal access and leases
- Port precinct land
- Quay line & yard assets
- Logistics assets
- Automation progression
- National Operating Centre

VALUE CREATION

Services
- Stevedoring (Core product)
- Cargolink (shippingservice)
- MT parks (shippingservice)
- Depot (IMEX product)
- Transport (IMEX product)
- Regional road & rail (exporter product)

Shipping Lines

Importers / Exporters

Regional Exporters

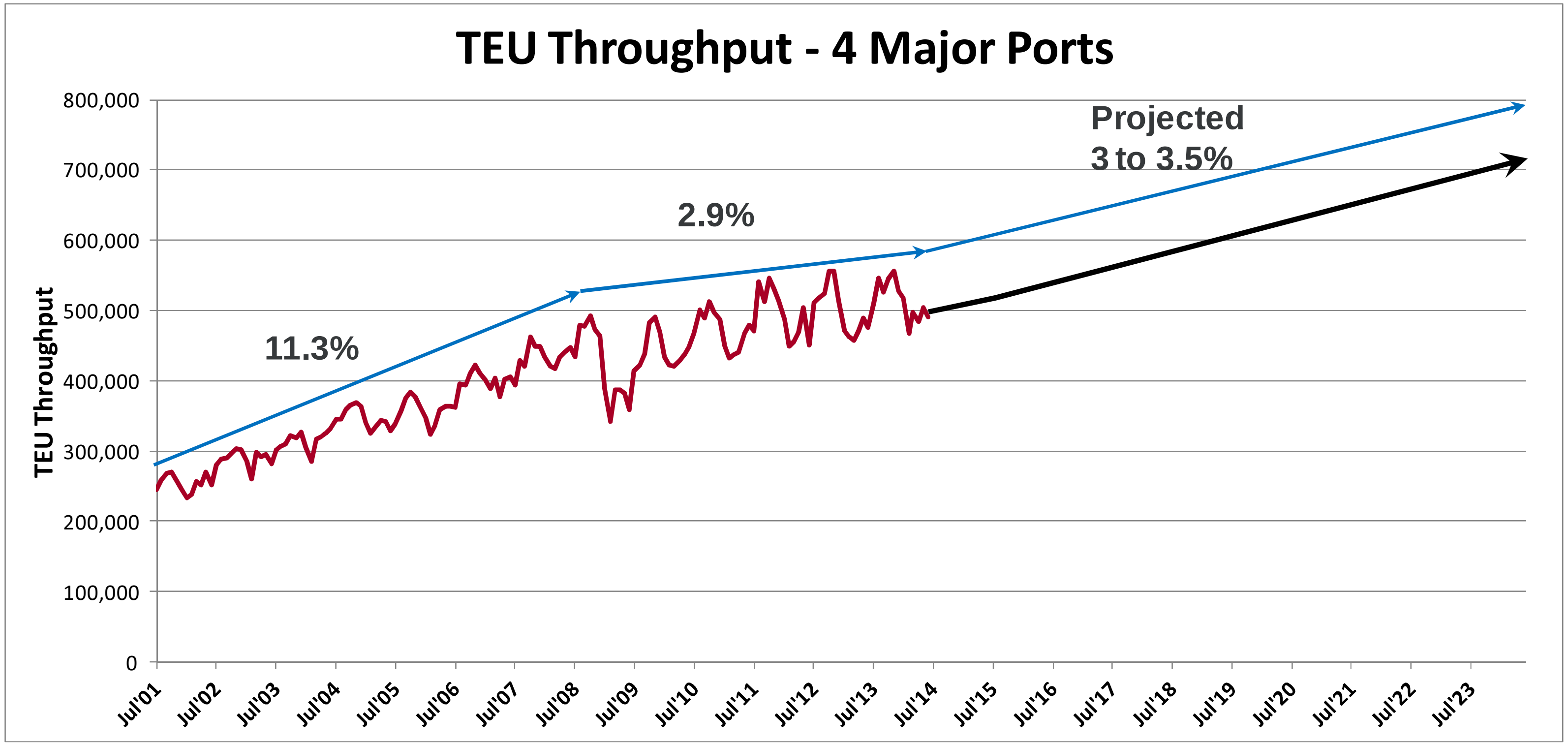
+

Offer
- Superior service performance based contracts
- Full supply chain offers

Across markets
- FCL imports
- Empty exports
- FCL exports

Profit drivers
- Volume (supply chain capacity x utilisation)
- Price
- Cost to service

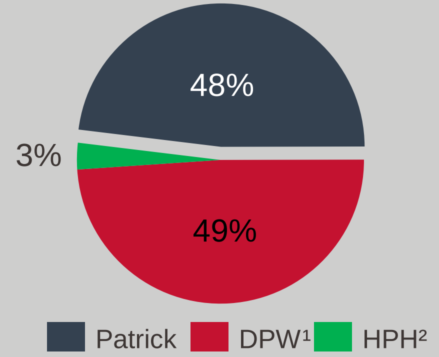
MARKET GROWTH / FORECAST



- Over the long term, the Australian port handling industry has been growing at a steady rate of approximately 6% p.a. however in recent years, there has been a clear reduction in growth rates
- We forecast sustainable future growth aligned with projected GDP of between 3.0% and 3.5% over the next 3 years

A COMPETITIVE MARKET

Current Share



Service our Major Customers

- Operational excellence
- National Operations Centre (NOC)
- Invest in national capability – high performing cranes, straddles, systems
- Integrated Terminal & Logistics services
- Upgrading Terminal operating system
- Approx. 70% of volume contracted 3-5 years
- Secured new contracts in 2014 including K-Line in Fremantle

Market Outlook

- HPH Sydney/Brisbane Terminals operational
- ICTSI to operate Webb Dock Terminal
- Patrick share steady since HPH entry
- Patrick reaches 75% market share in Fremantle
- Landside Logistics services both Patrick and competitor volumes
- Adelaide Outer Harbour taking volume from Port of Melbourne

Response

- Improve service value by using technology to lower cost of production – Sydney and Brisbane Terminal automation
- Asset management strategies to optimise resource allocation - Cranes, Straddles
- Continuous improvement program to offset rising costs
- It is estimated that Patrick enjoys a significant cost advantage over DPW (consistent with analyst estimates April 14)[3]. This advantage is primarily driven by:
  - Manning levels
  - Patrick automation benefits in Brisbane

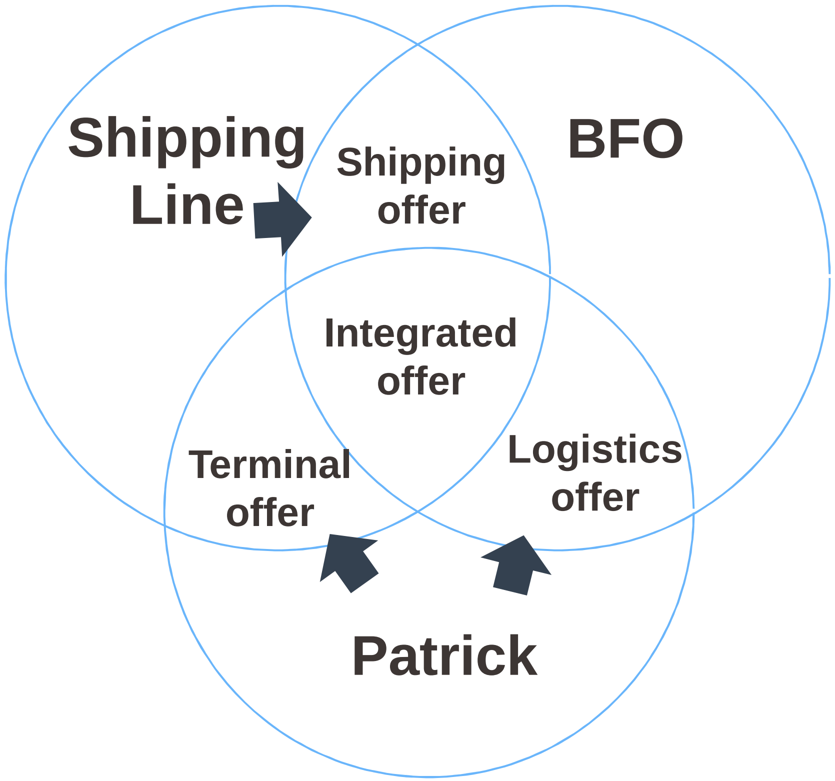
1. DPW – DP World
2. HPH – Hutchison Ports
3. Based on ACCC information and comparison of ASIC statutory information

OUR STRENGTHS

		Patrick	DPW	HPH	ICT - 2018	Flinders
Berths*	Brisbane	3	3	2		
	Sydney	3 > 4 (Feb 15)	3	4		
	Melbourne	3	3		2	
	Adelaide	Rail Bridge				2
	Fremantle	2	2			
Quay Line	Brisbane	930m	900m	660m		
	Sydney	1,005m > 1,400m	936m	1,300m		
	Melbourne	885m	944m		661m	
	Adelaide	Rail Bridge				649m
	Fremantle	766m	526m			
Quay Cranes	Brisbane	4 > 5 (Feb 15)	4	2		
	Sydney	7 > 10 (Feb 15)	7	4		
	Melbourne	8	8		5	
	Adelaide	Rail Bridge				4
	Fremantle	5	4			
Yard Area & mode	Brisbane	39 Ha/Autostrad	36Ha / ASC	26Ha /ASC		
	Sydney	44Ha > 62Ha / Straddle > Autostrad	40Ha / RTG	46Ha /ASC		
	Melbourne	40 Ha /Straddle	49 Ha /Straddle		34Ha / ASC Likely	
	Adelaide	Rail Bridge				24Ha / Strad
	Fremantle	22Ha /Reachstacker	13Ha / RTG			
Empty Logistics Services	Brisbane	YES	NO	YES		
	Sydney	YES	YES - VIP only	YES		
	Melbourne	YES	NO	NO	Likely	
	Adelaide	Rail Bridge				YES
	Fremantle	YES	NO	NO		

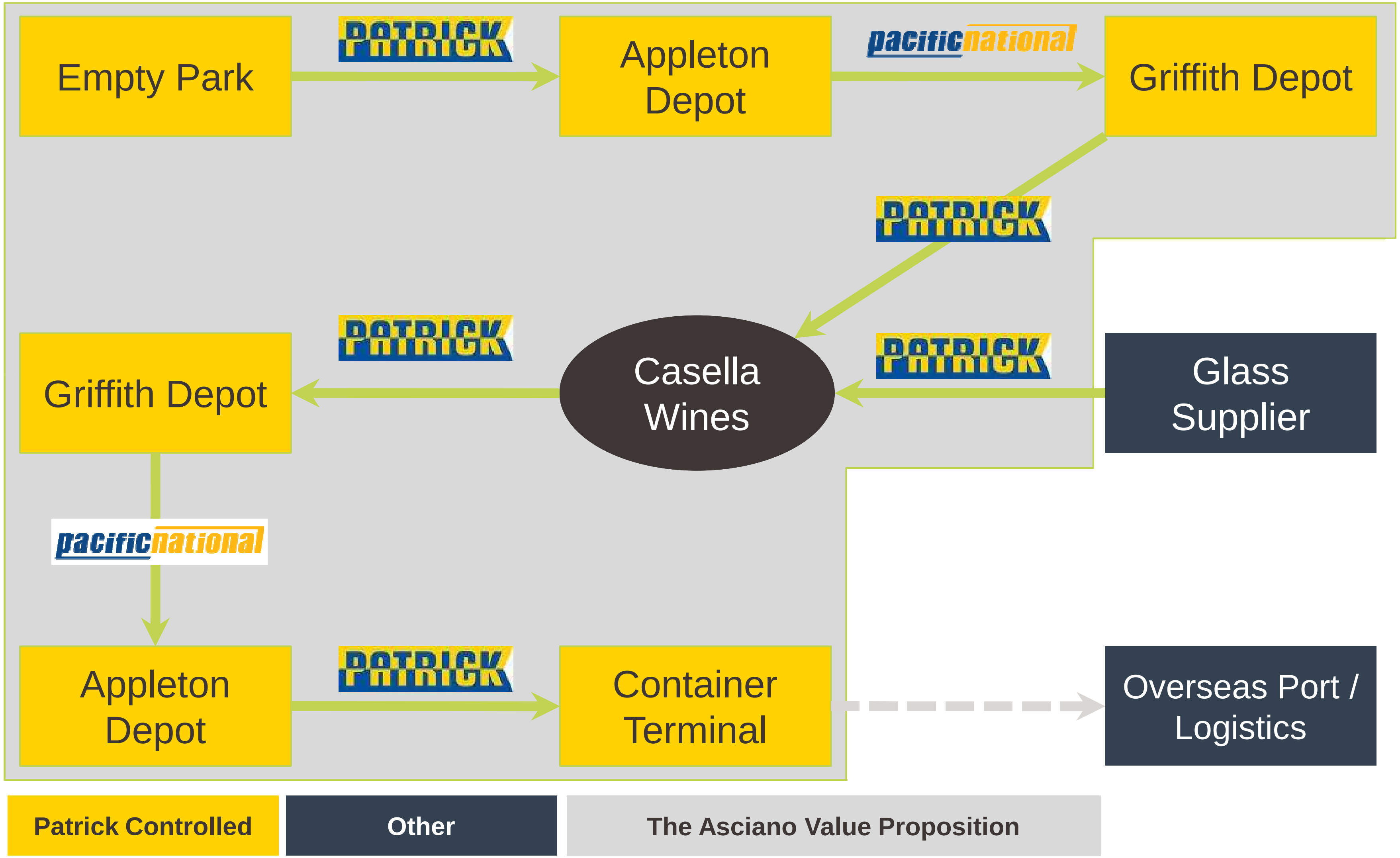
Rail Bridge: Patrick operates a container rail service from Port of Melbourne to Adelaide container terminal
* Based on the average size of vessels in the current trade

TERMINALS & LOGISTICS – SUPERIOR VALUE PROPOSITION



- Offers for Shipping Lines
  - National terminal offering – national service across four terminals benefiting from Patrick's National Operating Centre (NOC)
- Logistics offers for import / export Beneficial Freight Owners (BFOs)
  - Direct
  - Direct & store
  - Premium express - for time sensitive freight
- Increasingly focused on integrated and bespoke services through shipping lines to BFOs
  - Solutions to industry with management of the supply chain from exporter to destination (Transport, PN Rail, Depot, Shipping/Terminals)
  - Depot & Transport combined offers drive efficiency into BFO importer supply chains

A SUPPLY CHAIN DELIVERED BY ASCIANO



PATRICK TERMINALS & LOGISTICS - LEVERAGING STRATEGIC ASSETS

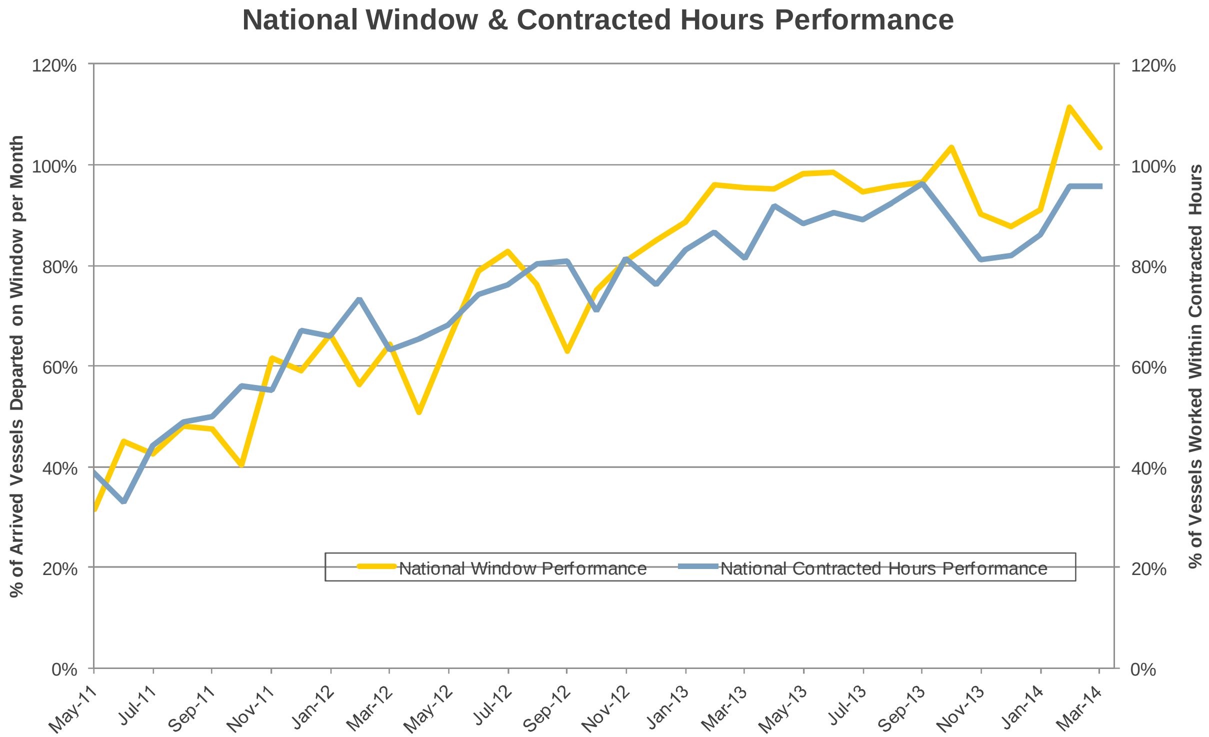
Illustrative import supply chain

1. Shippers & shipping lines
2. Port authorities & terminal operator
3. Stevedore
4. Container processing & storage
5. Transport & distribution
6. Warehousing
7. Secondary distribution to end user

	Port Precinct Services		Landside Logistics Offering	
Activities	• Crane container lifts from / or to ship	• Port precinct yard management • Quarantine & customs clearance • Container cleaning & repair • Empty container management & storage • Port-side container unpack	• Movement of full or empty containers to/from customer sites and terminals • Road and / or rail • Vast majority of imported containers destined for metro areas • Regional rail terminals	• Unpacking, cross docking, including unloading, screening, sorting & reloading • Container storage
Strategic assets	• 23 cranes at 4 major terminals • Long term leases at terminals	• 150+ pieces of cargo handling equipment including auto-straddles • Large storage capacity across all four port precincts	• 270 trucks • 7 IMEX rail services per week • 10 upcountry regional rail terminals	• Evaluating several growth options aimed at driving greater throughput of IMEX supply chain

NATIONAL OPERATIONS CENTRE

TERMINALS PERFORMANCE

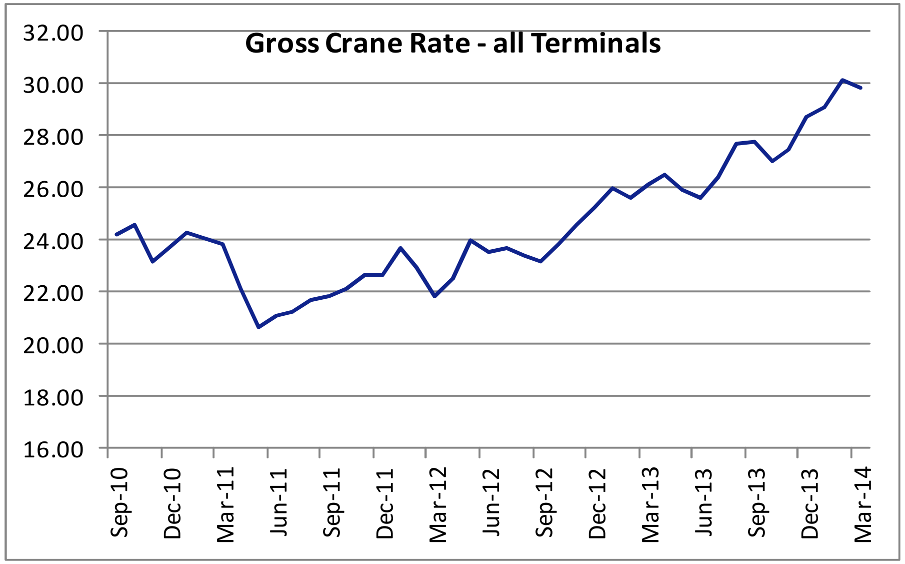


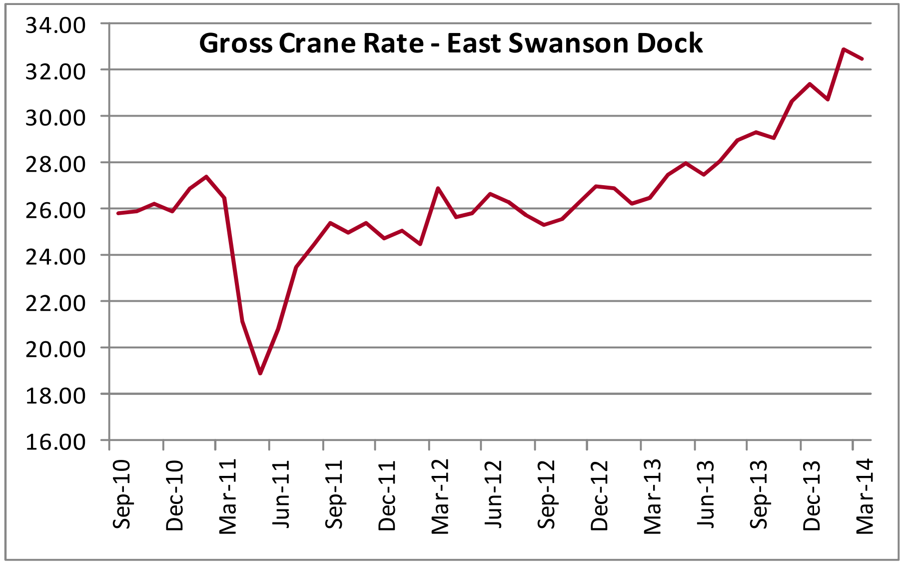
Selling our Service Capability

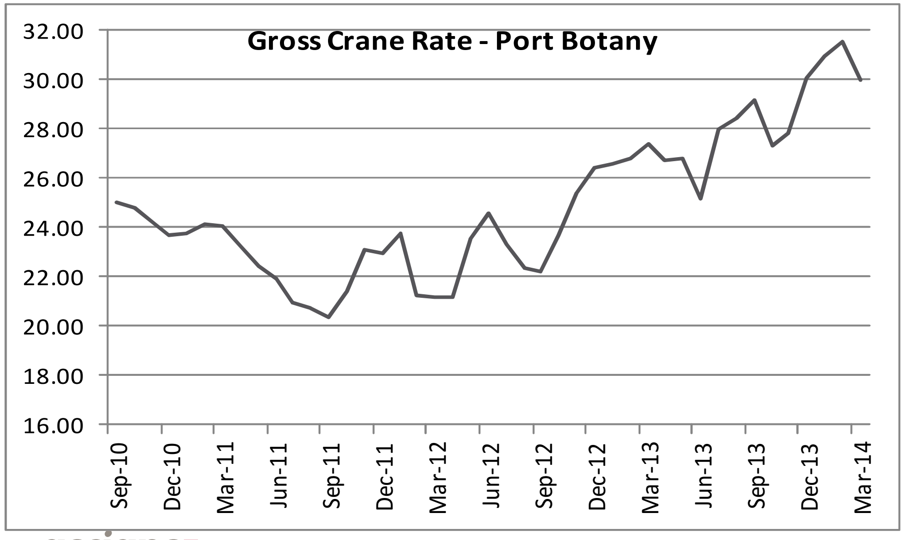
Maximise the difference in service proposition by focusing on voyage optimisation through NOC services and terminal operations

- National footprint
- Recovery of shipping line schedules
- Reduce shipping line costs – slow steaming
- Centralised planning

OPERATIONAL EXCELLENCE



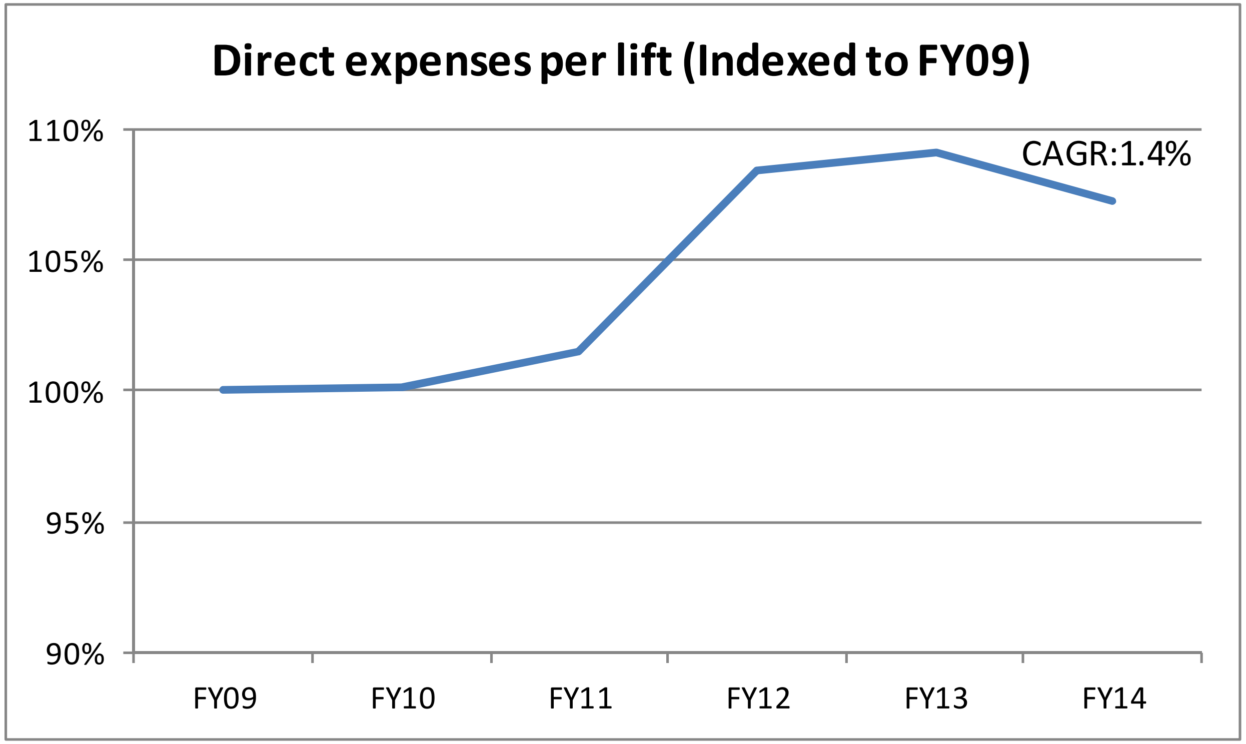




- Investment in cranes has substantially increased terminal productivity in recent years
- Patrick has commissioned 9 new cranes over the past 18 months
- Productivity declines in Quarter 3 of each financial year as slack season volumes reduce crane intensity

asciano

OPERATIONAL EXCELLENCE



- Patrick's controllable costs tightly managed over recent years with CAGR growth well below CPI (2.65% - ABS) – FY12 materially impacted by disruption from industrial action
- Further benefit expected in FY15 and FY16 through Port Botany investment
- Direct expenses include labour, equipment and all other direct operational costs – excludes property costs, corporate costs and depreciation

PORT OF BRISBANE

Note: Patrick facilities outlined in green

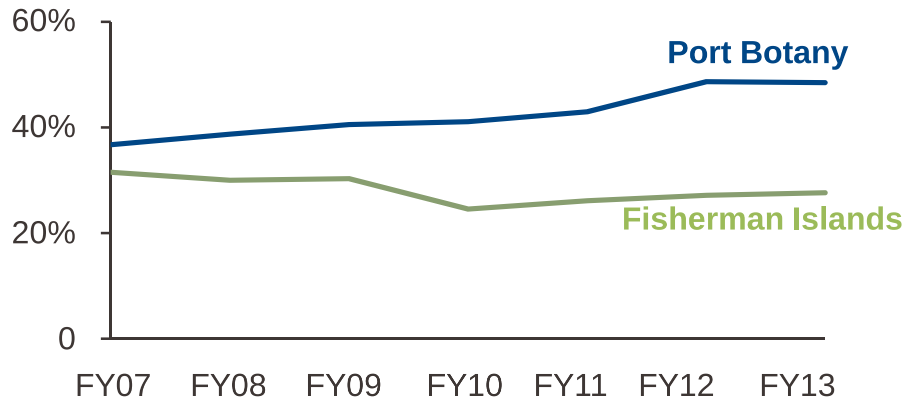
AUTOMATION – OPERATIONAL IMPLICATIONS

- Better utilisation of equipment - reduction in empty running
- Consistent productivity above Government benchmarks
- Has been applauded by safety and security observers
- Has altered the maintenance dynamic – ‘power down’
- Promotes a high standard of environmental compliance
- Complete focus on the quay line - Autostrad™ 4 man crane gangs, with straddles as needed
  - Manual straddle operation. 7 - 8 people in a gang (2 or 3 straddles)
  - Forklift and trailer operation. 11 -13 people (3 or 5 trailers)
  - Delta terminal Rotterdam. 6 in a gang (automated)
- Introduces process line concepts into terminal stevedoring

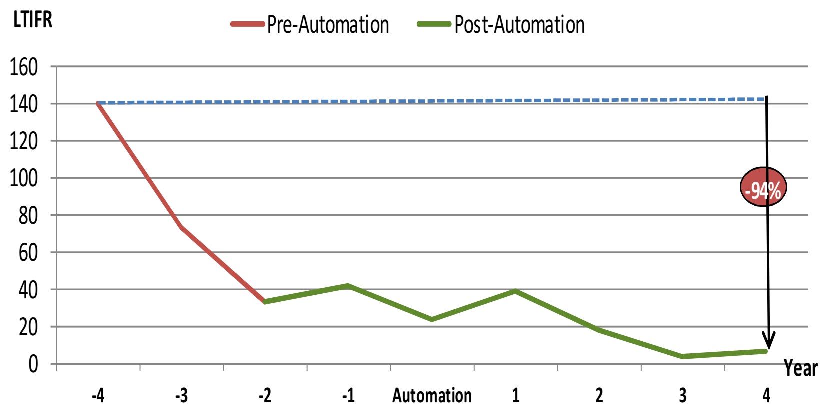
OPERATIONAL EXCELLENCE HAS DRIVEN GREATER EFFICIENCY, CAPACITY AND SAFETY

- The automation of the Fisherman Islands Brisbane container terminal has driven significant efficiency improvement
- Fisherman Islands labour KPIs improved significantly since automation in 2006:
  - Patrick; 139 operational employees
  - DPW; more than 400 operational employees prior to ASCs
  - Patrick – FY97/98, 120,000 lifts, 122 permanents (3 cranes)
  - Patrick – FY12/13, 350,000 lifts, 79 permanents (5 cranes)
- World leading production rates of 382 moves for an 8 hour shift have been achieved with the automation technology
- The labour costs to revenue ratio and LTIFRs at Fisherman Island have all improved considerably
- The Port Botany automation will benefit by not requiring the development period at Fisherman Island, driving a steeper return of benefits

Labour cost vs revenue
(Labour cost as % of revenue)



Lost Time Injury Frequency Rate (LTIFR)
(months pre-post automation)



SYDNEY – PORT BOTANY

Note: Patrick facilities outlined in green

PORT BOTANY REDEVELOPMENT PROJECT IN SUMMARY

Patrick is rolling out its proven (Brisbane) AutoStrad^{TM} technology to the Port Botany site

- The PBRP involves extensive civil and construction works both on the Knuckle and on the existing Terminal. These works include:
  - Extensive new buildings (including administration, workshop and amenities);
  - Redesign and construction of new car parking facilities;
  - New pavements (both on the existing Terminal and the Knuckle);
  - New roadways with designated traffic and pedestrian routes; and
  - New truck exchange grids

- The redevelopment is converting the Terminal to an automated straddle carrier (AutoStrad^{TM}) terminal. The automated 10 metre high, 65 tonne straddle carriers are fitted with sophisticated motion control and navigation systems which allow them to operate unmanned – moving and stacking containers from the quay line into holding yards and onto vehicles and back to quay cranes with an accuracy of better than 20mm

- Patrick is applying learnings from Brisbane, with a focus on minimising disruption during cut-over. All AutoStrads^{TM} are being tested in a live environment in Brisbane prior to transport to Port Botany

PORT BOTANY REDEVELOPMENT PROJECT BENEFITS

The project is scalable to ensure capacity is built as required and returns maximised

Capacity:

- Addresses current capacity constraints at Port Botany – lifting capacity from 1.2M TEU to 1.8M TEU with no further expansion required in the medium term
- The Autostrad™ technology allows for minimal disruption during any future additional expansion - ultimately capacity can be increased up to 2.8M TEUs with stacking cranes

Efficiency:

- Autostrads™ are a cost effective solution that provide productivity improvements across the terminal in the form of:
  - Safety-related disruptions
  - Manning levels
  - Maintenance and running costs
- Automation will improve the consistency of terminal operating performance - the Patrick terminal in Brisbane has won awards for the best performing terminal in Australia

Customer:

- The project, combined with new crane investment, will improve productivity rates, berth rates and berthing window performance thereby further improving customer service

asciano

PORT BOTANY REDEVELOPMENT PROJECT PROGRESS

- Construction of the rail overpass complete with this section now moving into commissioning
- Buildings 50% complete with the Tower erected and the new workshop frame in place
- Existing Terminal and Knuckle works are well underway with operational impacts being managed
- IT infrastructure 90% complete with testing and commissioning commencing
- People change program in place and amended for straddle-related delay. Some employees have taken early redundancies due to softer market volumes

Admin Building Site as at May’14

New Workshop and Ramp D, May ’14

AUTOSTRAD™ PROGRESS UPDATE

- 30 AutoStrad™ machines were damaged in a storm on route to Australia
- AutoStrad™ repairs are progressing well – repairs to 25 machines have completed and now moving into commissioning at Fisherman Islands (Brisbane)
- Shipment of the 25 repaired machines to Sydney is expected late 2014
- 5 machines to be replaced by the supplier, currently being manufactured in Europe
  - scheduled to start commissioning in Australia late 2014, with practical completion early in 2015
- The cost of the straddle repair and replacement is covered by our supplier

PORT OF FREMANTLE

Note: Patrick facilities outlined in green

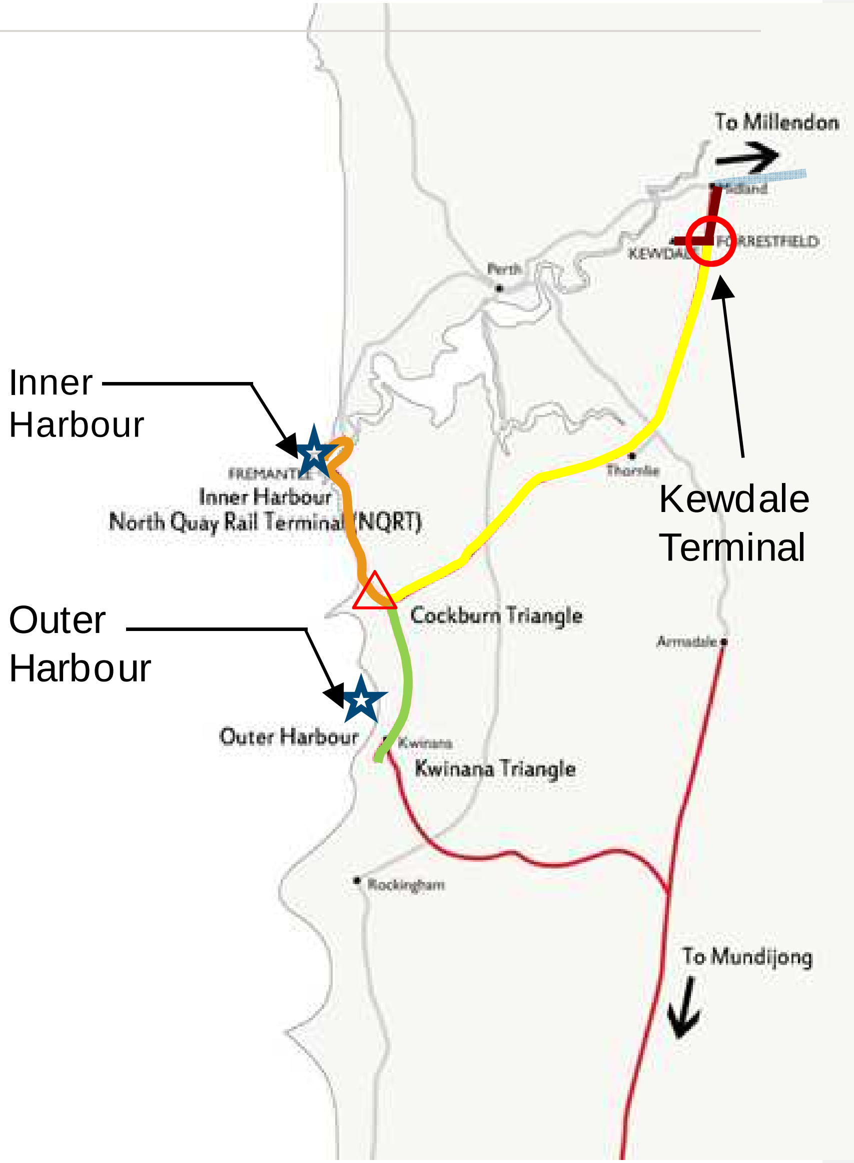
FREMANTLE STATUS

Fremantle Terminal

- Patrick has recently invested in 2 new cranes (one replacement) and yard improvements to support:
  - a significant improvement in capability and customer service; and
  - an increasing market share to around 75%
- In the next 5 years Patrick plans further investment in Fremantle Terminal & Logistics infrastructure (subject to 2017 lease renewal) to deliver:
  - Increased Terminal capacity
  - Inland terminal options

Future viewpoint

- Outer Harbour container terminal not expected in the short or medium term horizon
- Investment in public infrastructure (road and rail) may be required to increase the longer term life of the Inner Harbour Port



GHD-URS Perth Metro Rail Freight Capacity Study, accessed 10 June 2014, <http://freightandlogisticscouncil.wa.gov.au/meeting-notes>

PORT OF MELBOURNE

Note: Patrick facilities outlined in green

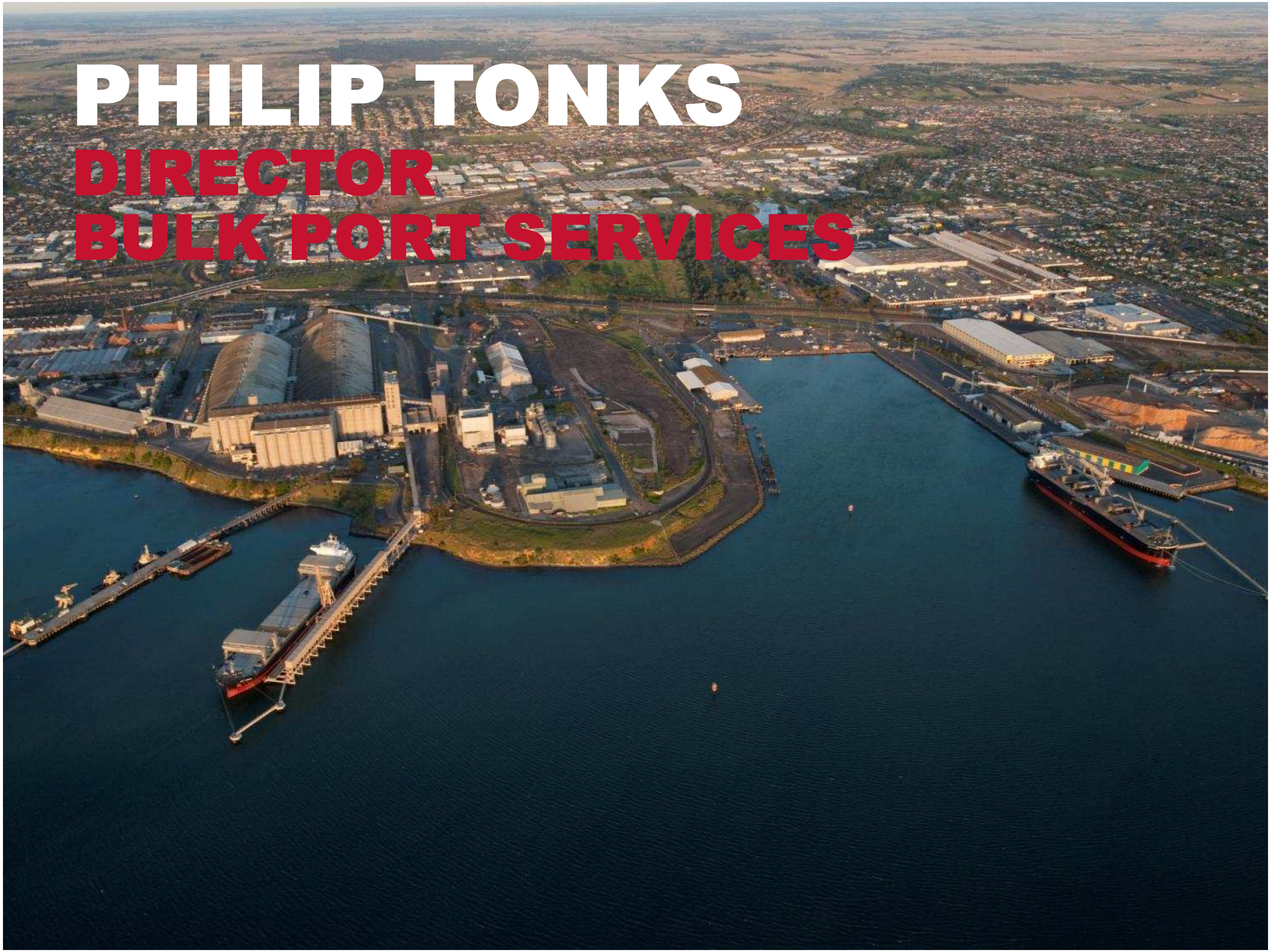
MELBOURNE - EAST SWANSON DOCK

East Swanson Dock handles the largest TEU volume of the Patrick Terminals

- ESD is a manual straddle operation, operating 8 cranes and 47 straddles
- The medium term investment profile of this terminal remains unclear while the Victorian Government considers its longer term port strategy – eg. will the Port of Hastings be confirmed as Melbourne's future port location?
- The introduction of Autostad™ technology is not under current consideration
- DP World is the incumbent competitor
- The operating rights to the new Webb Dock Terminal have been awarded to a joint venture between International Container Terminal Services Inc (ICTS), a company incorporated in the Philippines and Anglo Ports a local Australian company
- The Webb Dock terminal is expected to be operational sometime in 2017/18

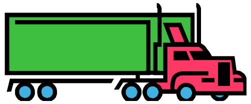
SUMMARY

- Safety improvement program has delivered operational benefits
- Market leader in customer service
- Experienced management team in place
- Significant productivity improvement delivered – leader in terminal automation
- Competitively positioned as low cost provider in the market
- Structural cost pressures have been managed by continuous improvement program

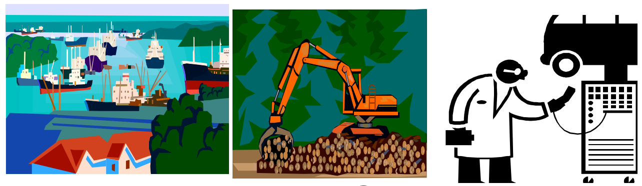

PHILIP TONKS
DIRECTOR
BULK PORT SERVICES

BULK & AUTO PORT SERVICES AT A GLANCE

2,900 FTEs
(estimate as at 30 June 2014)



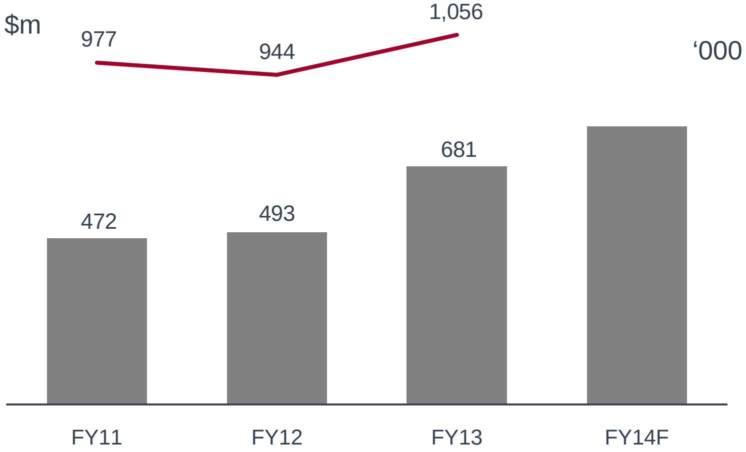
820 strong fleet of equipment including trucks, trailers, auto containers and cranes



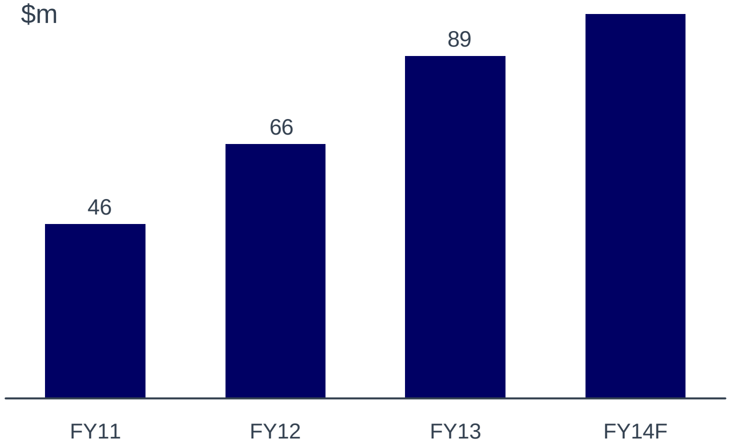
Operating in over 40 major sites across Australia & New Zealand
Activities include:

Port ownership & management
Bulk stevedoring & cargo handling
Vehicle processing
Forestry services
Transport & logistics

Revenue Growth and Vehicles Moved



Growth in EBIT



BULK PORTS & STEVEDORING

- Extensive geographical presence across Australia and New Zealand in over 40 sites
- Business Units:
  - Bulk Ports
  - Stevedoring
  - Materials handling
    - C3
    - Mountain Industries
- Combined delivering complete supply chain solutions to our customers

KEY **ACTIVITIES**

Source & Destination	Landside Logistics	Materials Handling	Stevedoring	Port Ownership Port Management	Shipping

Agriculture
Forestry
Manufacturing
Mining

Metal Exports and Imports

Bulk Commodities Imports and Exports
(Minerals, Agriculture, Fuel)

General Cargo Imports and Exports
(Cars, Containers, Break Bulk, Livestock)

Project Cargo
(Oil, Resource, Energy Projects)

Forestry Exports
(Logs, Chip, Pulp, Paper)

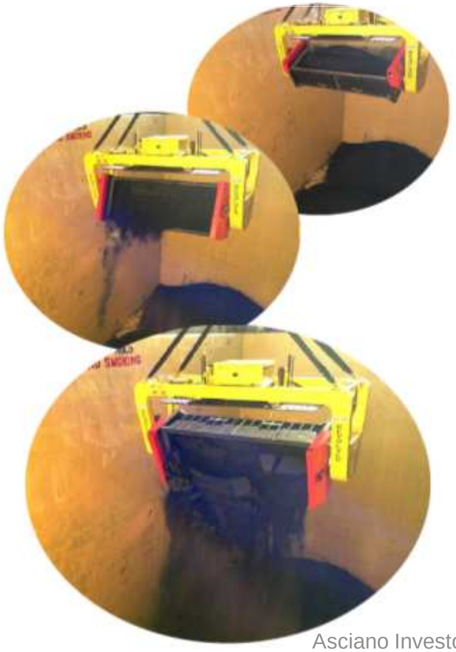
Shipping Lines

PIT TO PORT

The Patrick Rotating Spreader is an innovative loading system that operates using traditional ships cranes or a harbour crane.

Advantages include:

- Transport and storage in containers
- Dust management
- Hold trimming
- Yield
- Berth selection
- Reduced spillage



Patrick Darwin Operations

Patrick Darwin – East Arm Port, Marine Supply Base and Industrial Area

Patrick East Arm Wharf
- Stevedoring
- Storage and lay-down
- Transport
- AQIS
- Warehousing
- Logistics base

Container Terminal
- Stevedoring using Patrick owned mobile harbour crane and / or ships gear
- Transport to yard direct from hook
- Reefer points
- Wash bay
- Container dehire, repairs, AQIS
- Lift-on/lift-offf access to intermodal rail link

Patrick Mendis Road Base
- Supply base
- Warehousing
- Logistics base
- Storage and lay-down
- Container handling

ASCIANO ACQUIRED NEWCASTLE BASED LOGISTICS SOLUTIONS COMPANY MOUNTAIN INDUSTRIES IN OCTOBER 2013

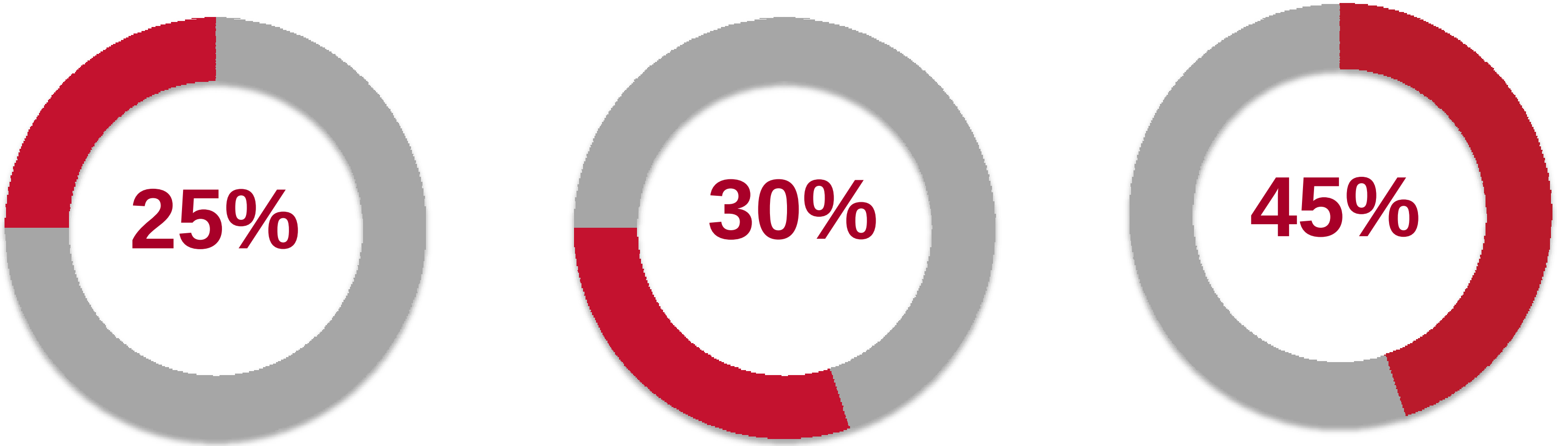
OVER 200
skilled and experienced employees

$84
million revenue
as at 30 June 2013

Transports in excess of **5m**
tonnes per annum
on Road and Rail

Operates from **11** sites
across the Eastern Seaboard

Mountain Industries holds leading positions in the markets in which we serve. The business handles:



JUST IN TIME (JIT) DELIVERY FROM SOURCE TO FACTORY

AGRICULTURAL EXPORTS AND IMPORTS OF GRAINS AND FERTILISER

STORAGE HANDLING, ROAD AND RAIL LOGISTICS FROM PORTS TO REGIONAL AREAS

MOUNTAIN INDUSTRIES WORKING WITH PACIFIC NATIONAL TO LEVERAGE PLATFORM ACROSS EXISTING CLIENT BASE AND POTENTIAL NEW CUSTOMERS

Mountain Industries has over 30 years experience working with clients to deliver complete logistics solutions which encompass efficiency, value and compliance.

Mountain Industries specialises in:

- Pit to port services complementing AIO's existing supply chain
- Bulk and general freight
- Intermodal – road, rail and wharf
- Containers – packing and handling
- Storage – warehousing, grain, bulk

CASE STUDY – SMITH CRISPS FROM ‘FARM TO FOIL’

- JIT[1] from ‘Farm to Foil’ in less than 48 hrs on average
- Manage 90% of potato deliveries
- Manage all safety, fatigue management and legal loadings for Smith’s deliveries
- 11 year partnership ongoing...


1. Just in time

CASE STUDY – SMITH CRISPS FROM 'FARM TO FOIL'

In 2013, Mountain Industries transported potatoes

133
million 180kg
packets

90,000
tonnes of potatoes
(33t per load)

24,000
tonnes
of finished product

up to 1,200
kms to factory
for each load

1.9m
kms
travelled p.a.

ASCIANO ACQUIRED THE OUTSTANDING 50% INTEREST IN C3 IN NOVEMBER 2012

C3 Limited is New Zealand's most successful on-wharf materials handling business. Proudly New Zealand-based for 50 years, we continue to grow, expanding from a small port-side operation in Tauranga to service 15 ports across New Zealand and Australia.

C3 AT A GLANCE

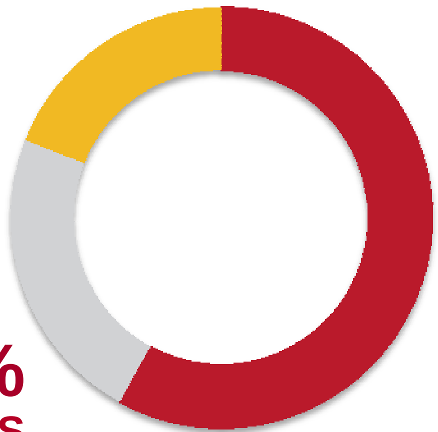
OVER 1,200
Skilled and experienced employees

New Zealand and Australian based
materials handling expert
Offering services at critical points in the supply chain across New Zealand and Australia

$101M
revenue
as at 30 June 2013

C3 Limited holds leading positions in the markets in which we serve. Our business handles:

19%
STEVEDORING
LOADING AND UNLOADING SHIPS



23%
LOGISTICS
HANDLING CARGO AND MANAGING CUSTOMER INVENTORY FROM PORT GATE TO VESSEL

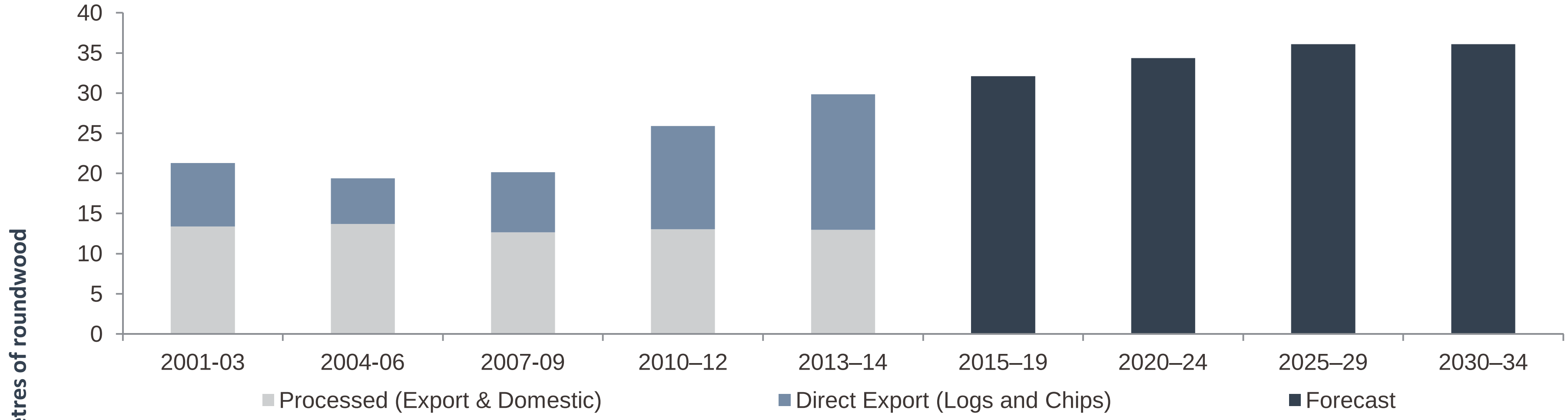
58%
FORESTRY
LOG MEASUREMENT, MARSHALLING AND INVENTORY MANAGEMENT

In excess of
32 million logs
per year

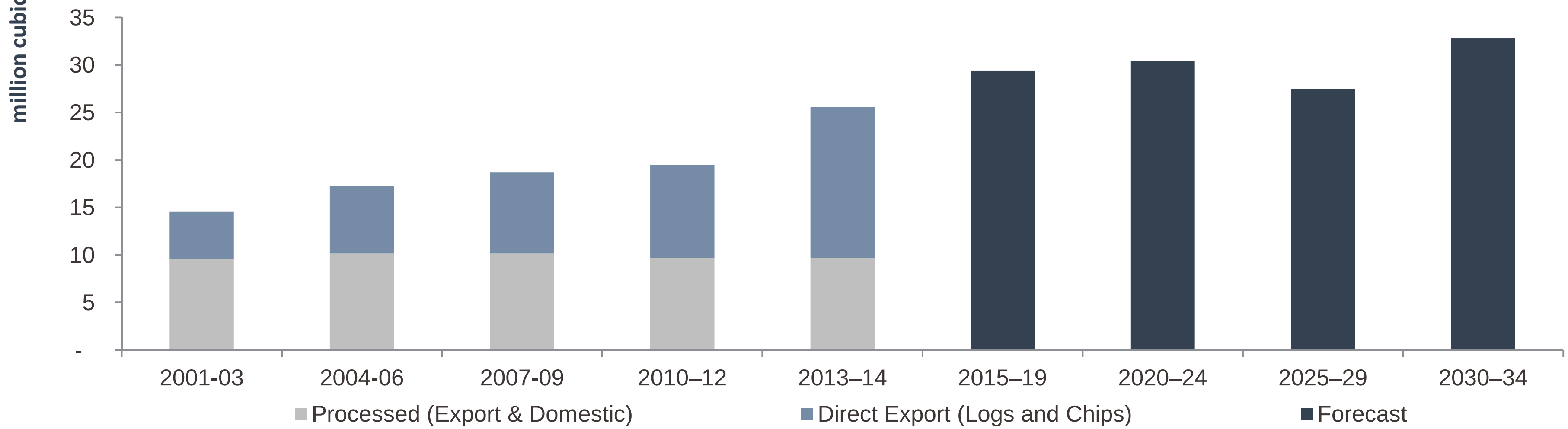
Australian Operations
- Established 2010
- Log harvesting and processing
- Log marshalling
- Port of Portland
- Port of Geelong
- Bathurst

FORESTRY EXPANSION – VOLUME PROFILE

New Zealand – Annual Average Plantation Log Supply – Hardwood and Softwood

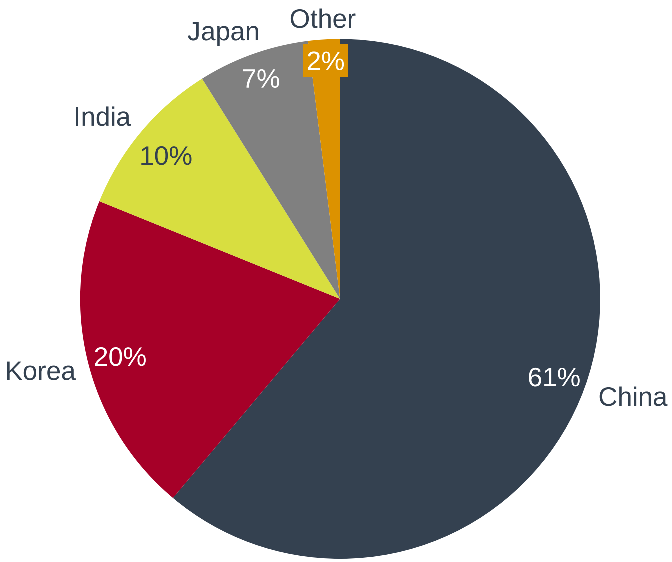


Australia – Annual Average Plantation Log Supply - Hardwood and Softwood

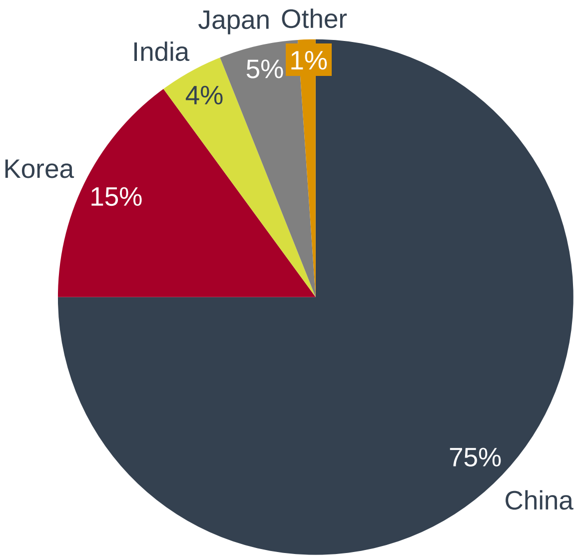


FORESTRY EXPANSION – VOLUME PROFILE

Country by Destination by Vessel FY June 2011

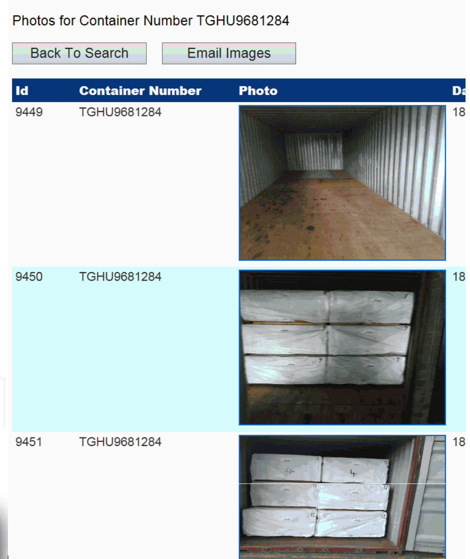


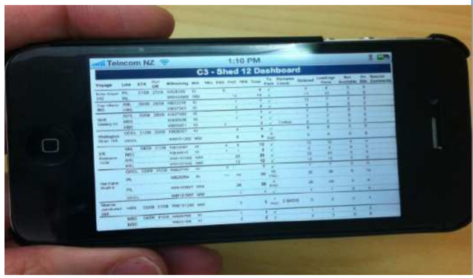
Country by Destination by Vessel May 2014 YTD



SMART THINKING, PRECISE TECHNOLOGY

- C3 proprietary technology provides stakeholders in the supply chain transparency to achieve efficiencies.
- Recognised by our peers, winning the New Zealand Chartered Institute of Logistics and Transport Innovation in the Supply Chain Award for 2013 and 2012.
- Some of C3's technologies include:
  - Quality Control management tool, providing customers assurance, and reassurance
  - Mobile applications providing access to data and information for stakeholders in real time
  - Radio Frequency Identification (RFID) management tools capturing multiple tasks and transit times through the port environment.





GROWTH OPPORTUNITY: FOREST TO STOW

C3's Core Competencies and Capabilities

- Materials handling through the forest industry supply chain
- Deeply integrated relationships with forest owners and primary wood processors
- Technology and data management, tools, resources, and capabilities


ALEX MILAN
GENERAL MANAGER
AUTOCARE
PATRICK

PATRICK AUTOCARE OUR BUSINESS

Our Goal

To provide **seamless and integrated** vehicle distribution, build and storage services for the automotive market.

Build & Fleet Services

Refinish

Storage

Transport

PATRICK AUTOCARE - OVERVIEW

- Inland processing facility (red dot)
- On-wharf processing facility (green dot)
- On-wharf and inland facility (white dot)

- 500,000 vehicles processed annually
- 80,000 vehicles storage capacity
- 1 million + transport movements
- Full Time Equivalent Employees ~ 700
- Subcontractors ~ 200

Processing

- Vehicle build
- Australian Port Installed Options (APIO)
- Fleet build
- Vehicle refinish
- Paint & Panel Facilities
- Parts Management
- Quarantine Services
- Fleet Disposal services

Storage

- Long–term storage
- Licensed bond warehouses
- Hail–mesh Availability
- Vehicle Preservation

Transport

- Road/rail/sea
- Wharf to compound
- Wharf to dealer
- Compound to dealer
- Interstate/intrastate
- Local manufacturers' vehicle inventory control & Transport

PRIMARY FACILITY – ON WHARF

Fisherman Islands – Brisbane (SQ)

Port Kembla – New South Wales

Webb Dock – Melbourne (VIC)

Outer Harbour – Adelaide (SA)

Fremantle – Perth (WA)

PRIMARY FACILITY LOCATIONS - INLAND

Ingleburn – Sydney (NSW)

Dapto – Sydney (NSW)

Port Adelaide (SA)

Laverton Area – Melbourne (VIC)

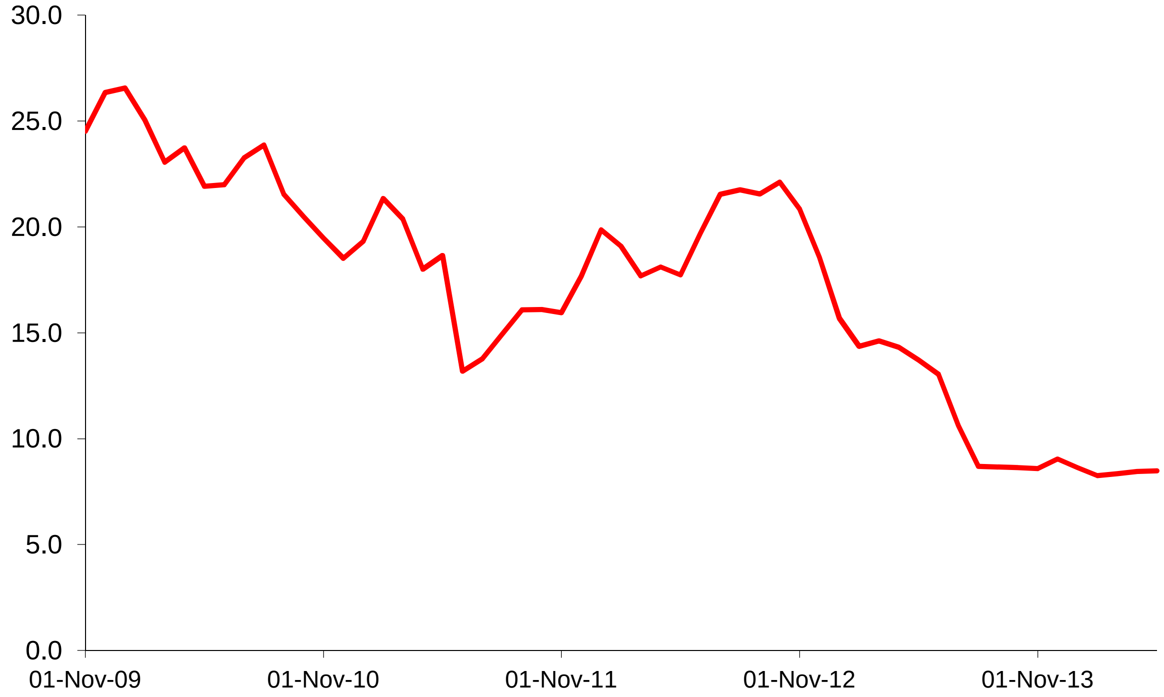
Perth Airport – (WA)

Darwin (NT)

Townsville (NQ)

HOME SAFELY

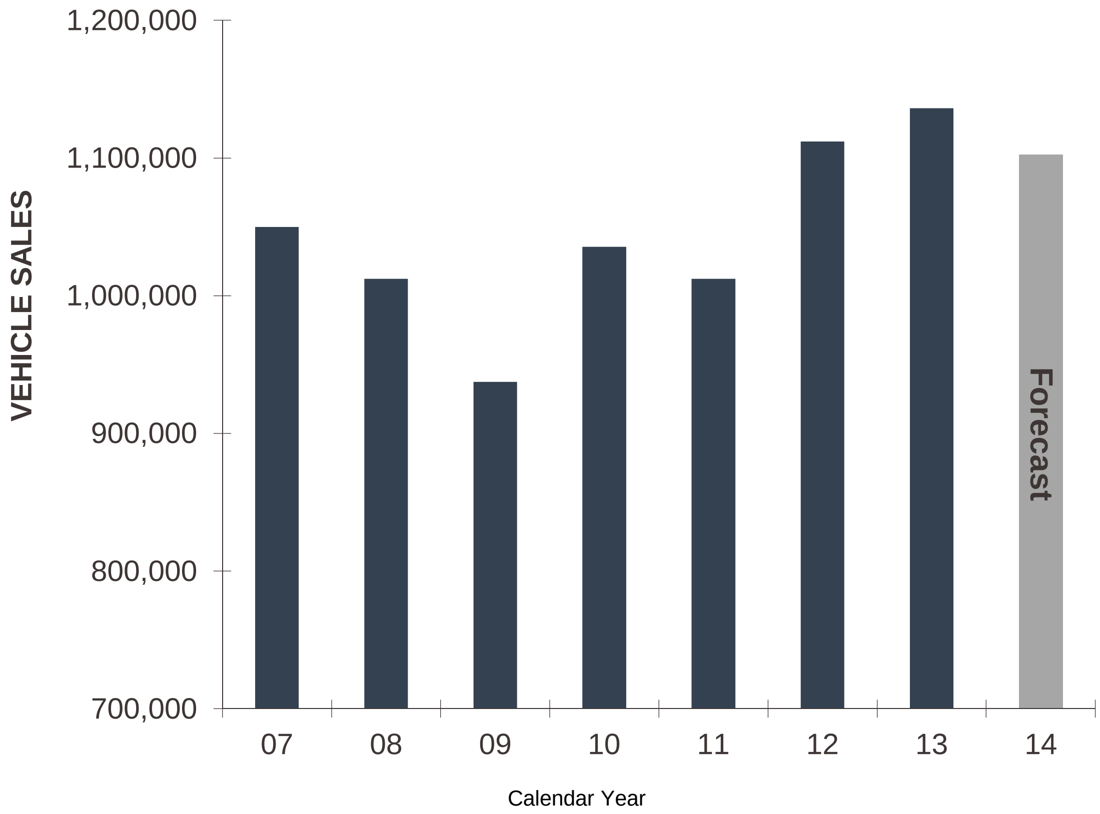
Safety Performance Trend - RIFR



RIFR Rolling 12 Months

- May 2014 rolling RIFR at 8.48 is well under YTD target of 11.8.
- RIFR in August 2005 was **86.15**

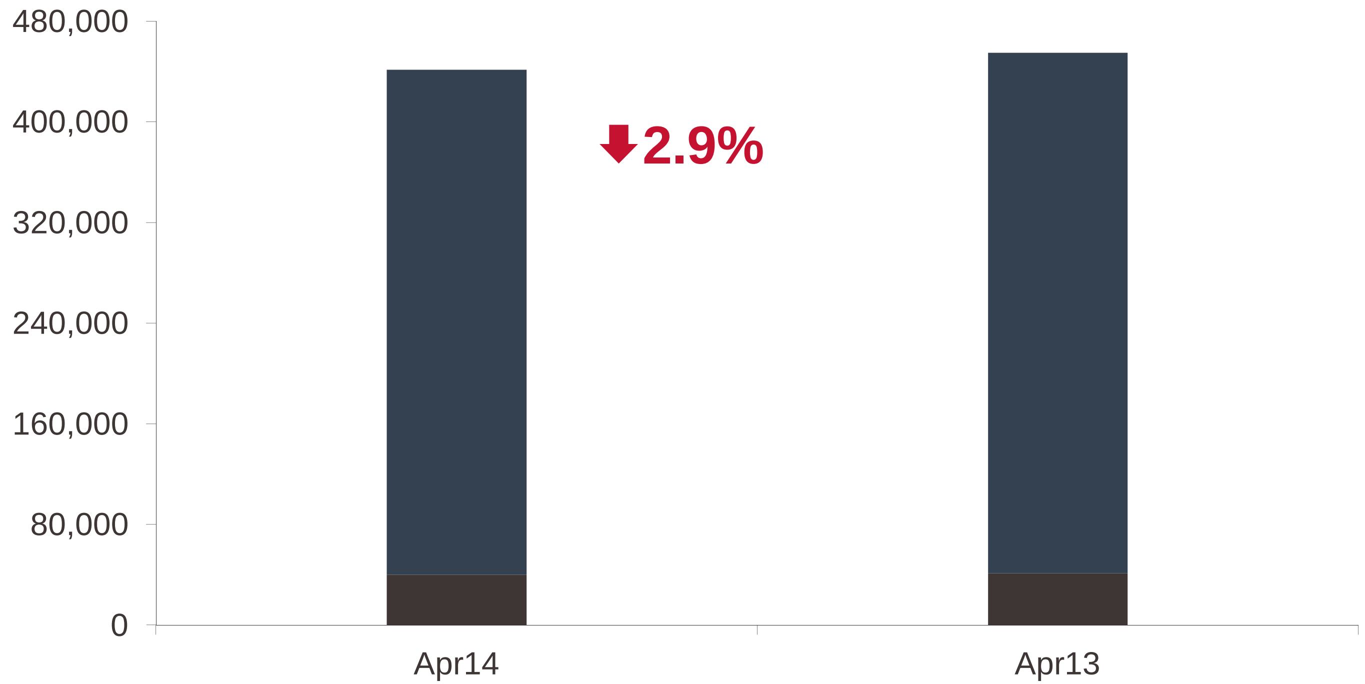
MARKET - VFACTS



Economic Environment

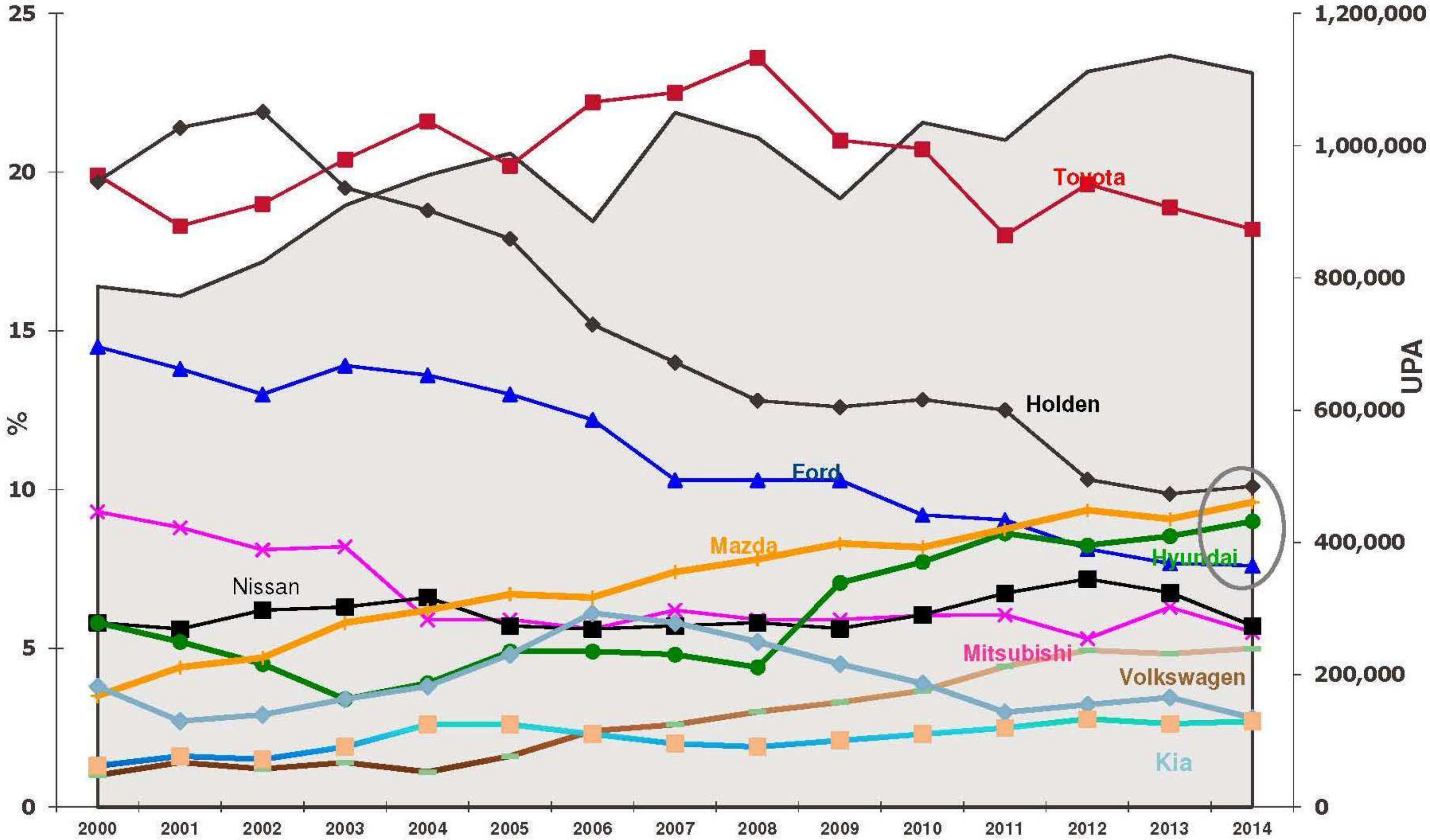
- Industry recorded 1,136,227 vehicle sales for the 2013 calendar year, eclipsing the previous record of 1,112,032 vehicles set in 2012
- 2014 YTD Sales have started slow with the market flattening. YTD to May sales are 2.9% down in comparison to the prior year, although still encouraging with a solid 94,562 sold in May
- 2014 Full Year Sales are predicted to be slightly less than 2013. (Between 1,105,000 – 1,110,000 units)

VFACTS RETAILS – YTD MAY 2014

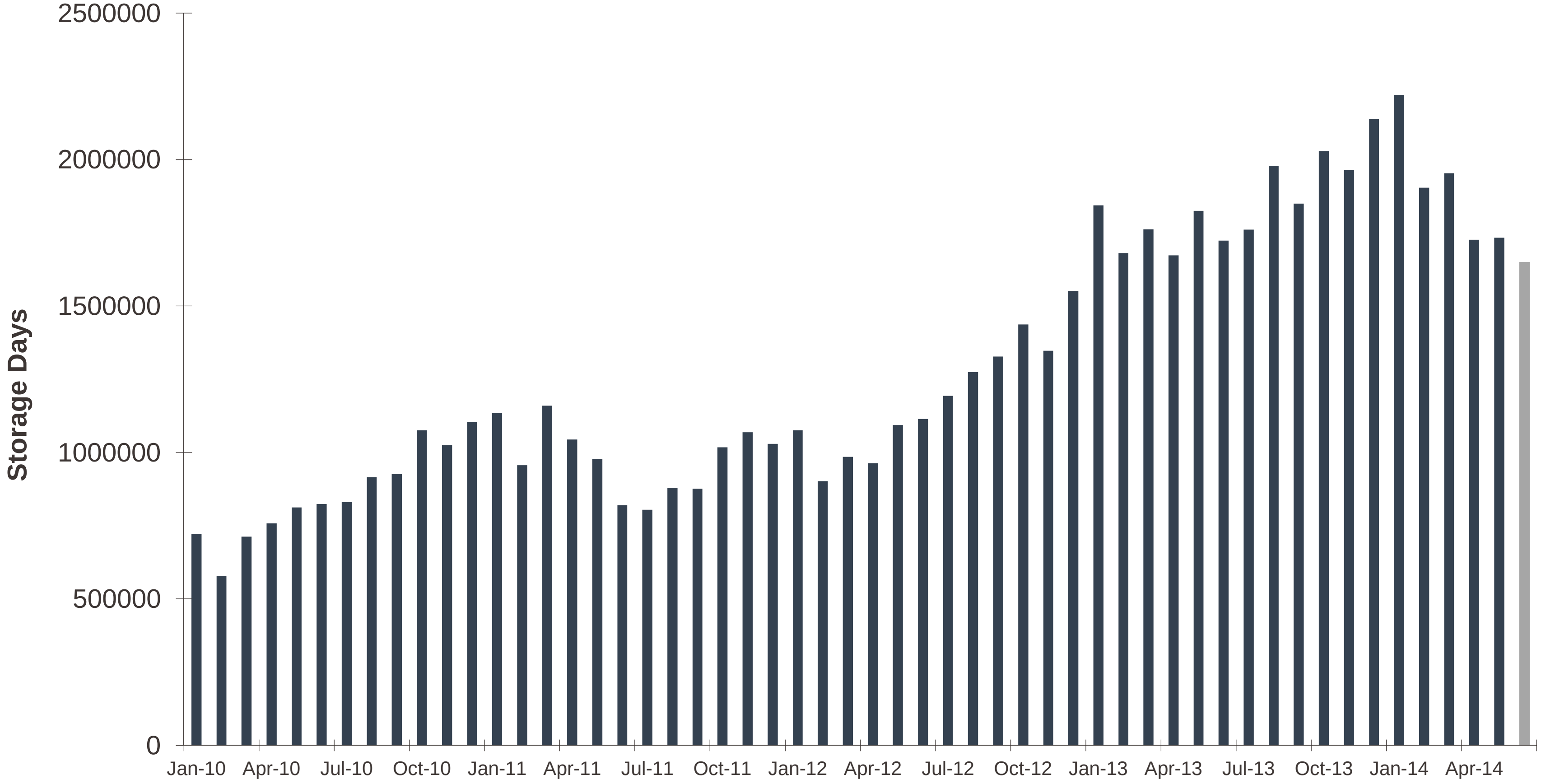


VFACTS	2014	2013
Imported	**401,500**	**413,589**
Local	40,142	41,364
Total	441,642	454,953

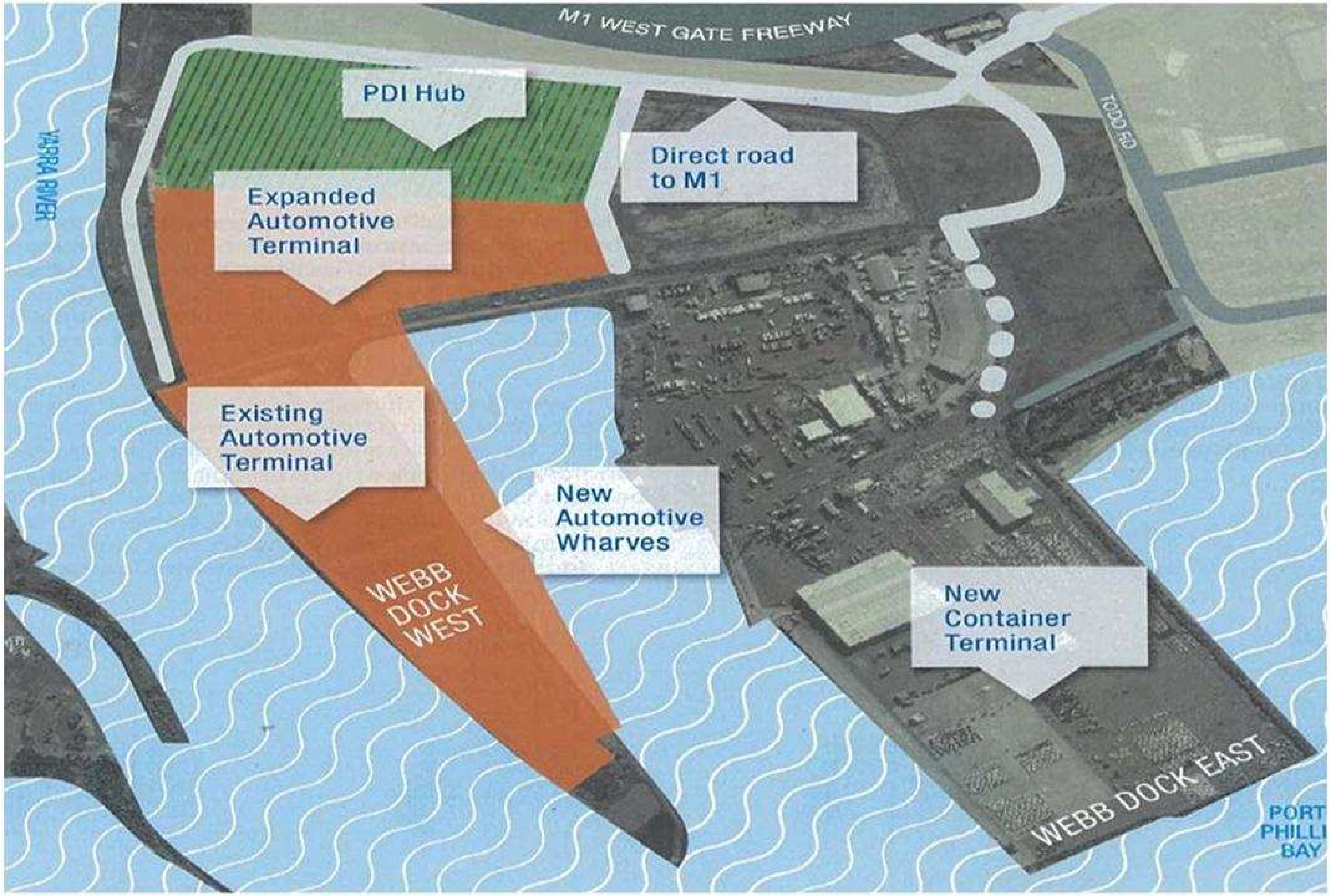
INDUSTRY RETAIL DATA – MAY 2014



HISTORICAL VEHICLE STORAGE DAYS



WEBB DOCK PRECINCT



PoM PDI 12 HA DEVELOPMENT

PoM PDI 12 HA DEVELOPMENT

Key Milestones – Development Agreement

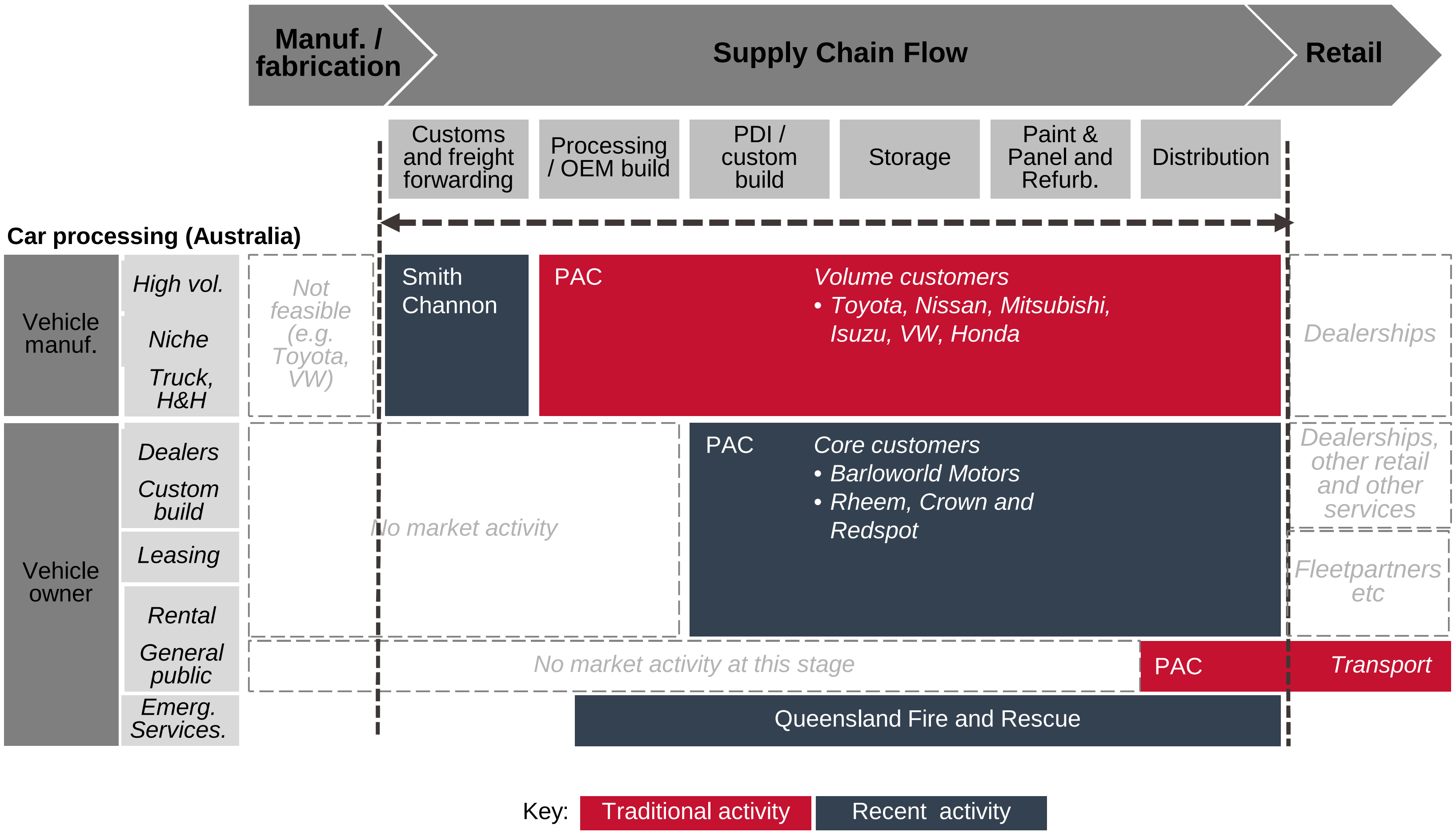
Key Milestone	Date
Detailed Design Submission	28-Mar-14
Site Establishment	1-Jun -14
Building Lock Up	06-Jan-15
NBN Connection	23-Jan-15
Electrical Connection	30-Jan-15
Sewer & Water Connection	05-Feb-15
Practical Completion	28-Mar-15
PAC PDI Facility Operational	01-July-15

Snapshot

- Development CAPEX of $14.0M
- Secured a 15 year lease of 12 ha with the Port of Melbourne

AUTOCARE

OPERATING PROFILE



LINKING THE SUPPLY CHAIN

Customs Brokers

- Transaction expected to be completed shortly with start up 1 July 2014
- Adding a further service offering of Custom Brokering in the supply chain will enhance and grow our client base.
- Provides our customers a ‘one stop shop logistics’ model
- Based in Adelaide and already servicing some of our existing customers such as Mitsubishi.
- 15 Employees, operating since 1877

Smith Channon

COMPLEX VEHICLE BUILD ACTIVITY

Queensland
Fire & Rescue Service

Rheem

Crown

Telstra

Australia Post

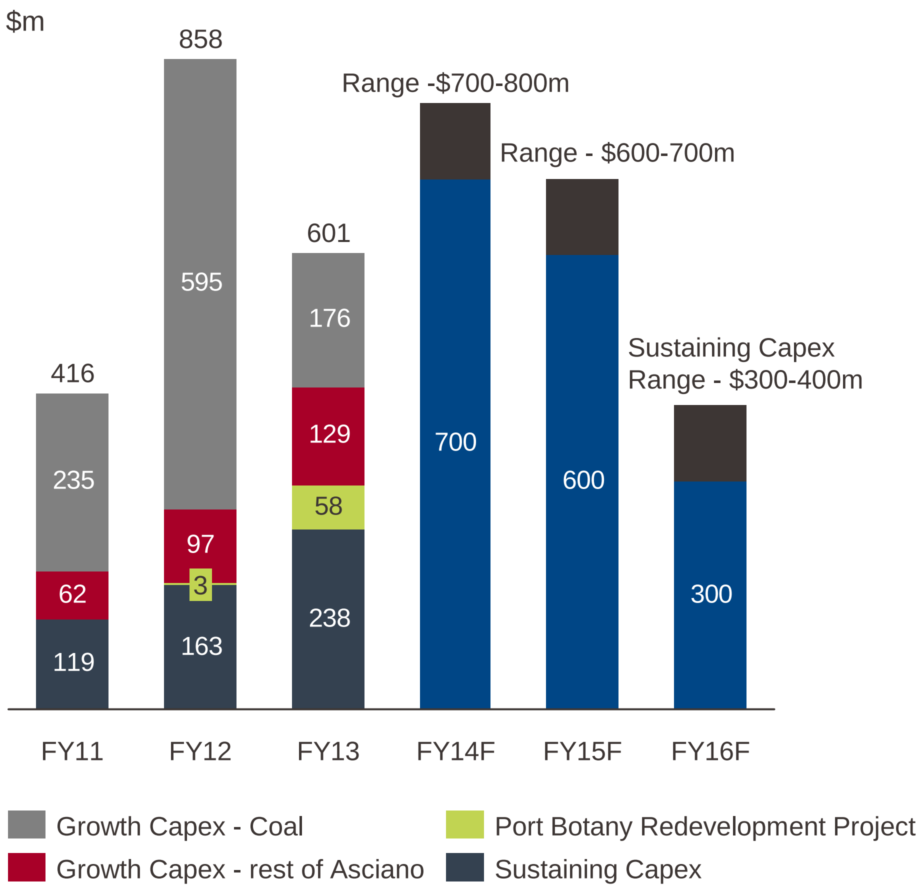
ROGER BURROWS
CHIEF FINANCIAL OFFICER

ASCIANO IN A STRONG POSITION – GOOD TRACK RECORD ON DELIVERING MOST FINANCIAL OBJECTIVES

Achievements	Short Term Objectives	Longer Term Objectives
• Lengthened debt maturity profile • Diversified funding sources • Strengthened financial metrics • Payout ratio increased from zero to 30-40% range • Improved returns • Improved disciplines around capex • Implemented robust financial risk management framework	• Accelerate restructure of business to ensure earnings growth is maintained through FY15 • Deliver positive free cash flow in FY15, sufficient to cover our dividend objectives • Deliver an increased dividend payout ratio • Ensure overall financial metrics continue to move towards stated targets • Leverage to drop to the middle of the 2.5-3.0 times target range • Achieve upgrade to BBB rating from Standard & Poors	• Deliver new sources of earnings growth • Sustainable reduction in levels of capex driving free cashflow • Dividend payout ratio in line with other Australian industrials • Returns in line with targets • Significant financial strength to support execution of strategy • Continue to build reputation in financial markets to ensure access to competitive cost of capital • Leverage to move to bottom of target range

CAPITAL EXPENDITURE - OUTLOOK

FY14 capital expenditure range includes the acquisition of strategic rail terminals in Queensland



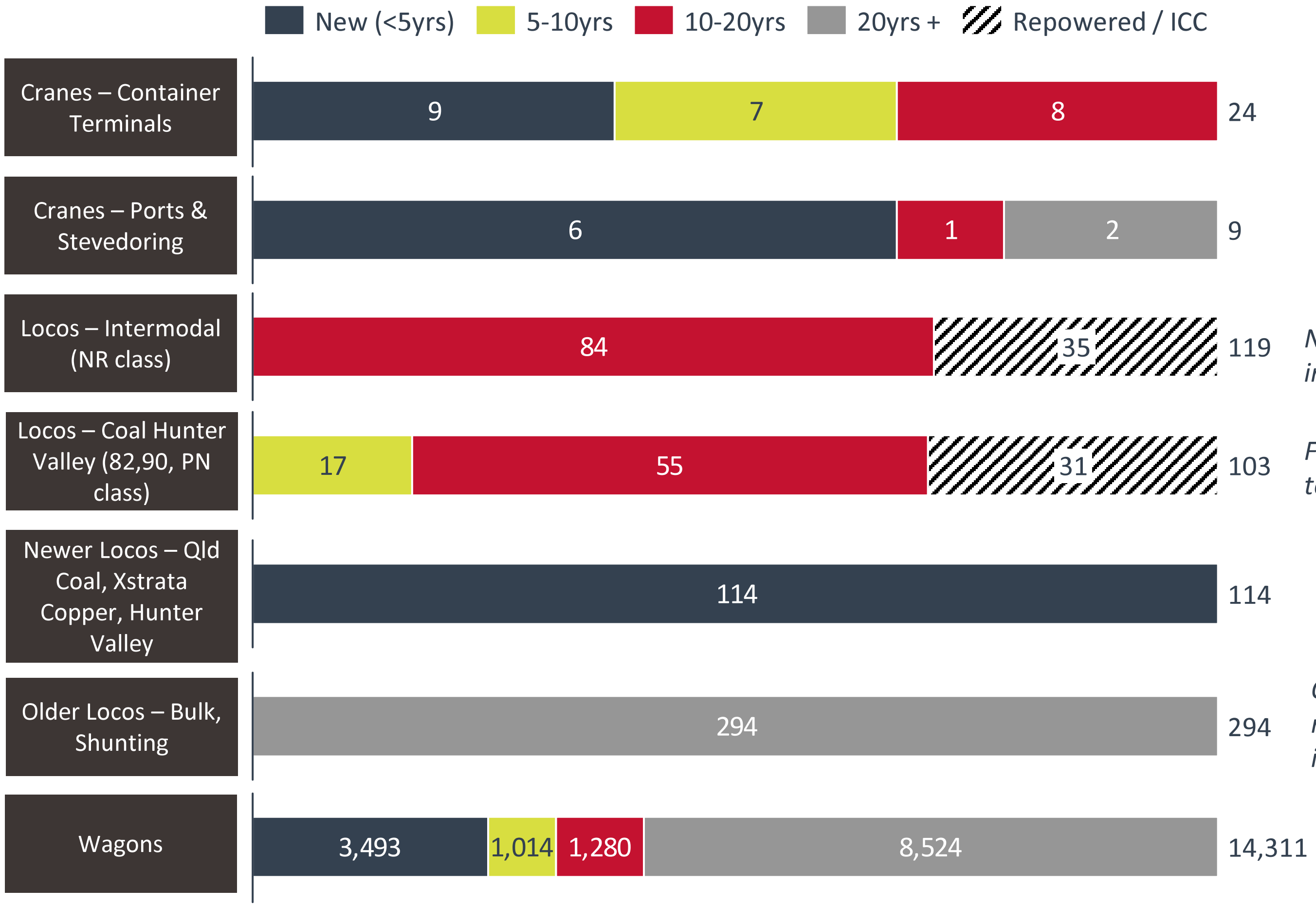
* Includes capital expenditure recorded as inventory on the balance sheet

- FY15 capital expenditure will include the completion of Port Botany (approximately $150m[1]), the Webb Dock PDI facility and rolling stock for new contracts in Pacific National
- The focus will be on keeping capital expenditure at the low end of the range while establishing a sustainable long term maintenance capital expenditure profile
- Growth capital expenditure will only be allocated to projects with an identifiable revenue stream that meet required returns
- Priority is to smooth out sustaining capital expenditure profile over the longer term. $300-400m range in line with depreciation levels is targeted
- Growth capex will be in addition to base

1. Costs associated with delay in project not finalised. Does not include Knuckle cranes

ASCIANO ASSET BASE - OVERVIEW

No. of key assets by age



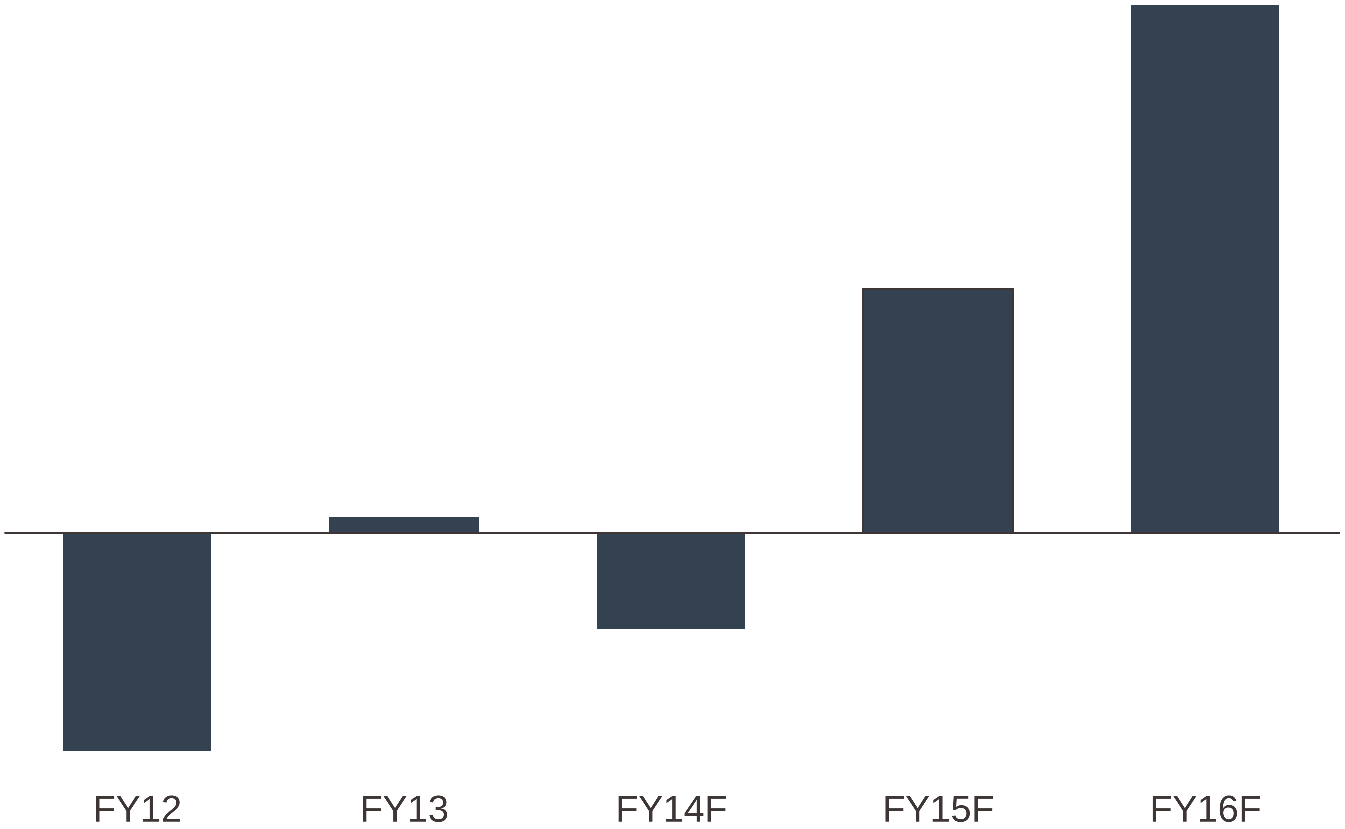
NR class repower is currently included in capex program

Full fleet of 82/90 class locos to be cycled through ICC

Older locos and wagons – refresh not currently included in capex program

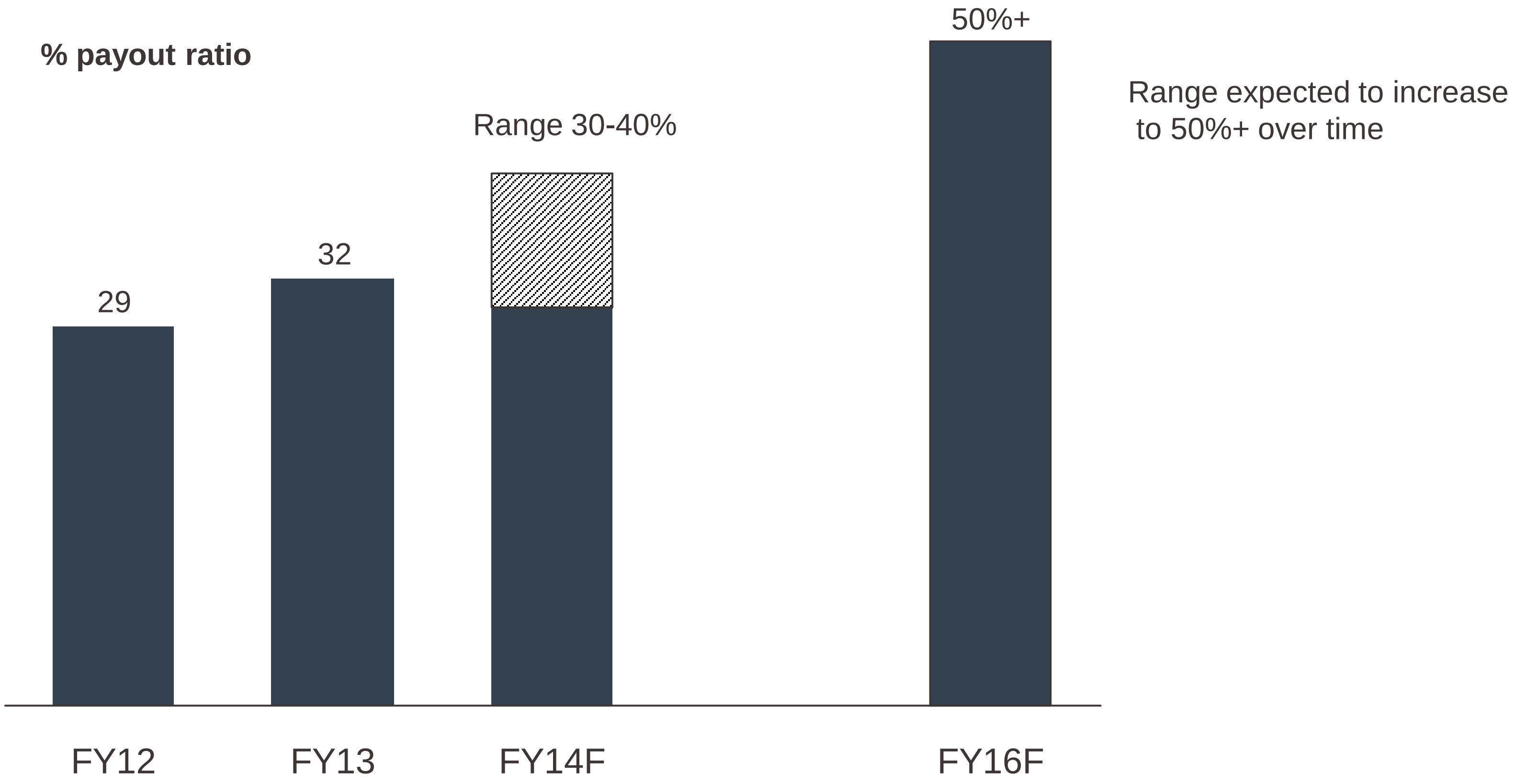
STRONG GROWTH IN FREE CASHFLOW FORECAST

Free Cashflow after capital expenditure and asset sales is forecast to be break even in 2H FY14 and then grow strongly as capital expenditure declines over the next two years



PAYOUT RATIO FORECAST TO GROW AS FREE CASHFLOW ACCELERATES

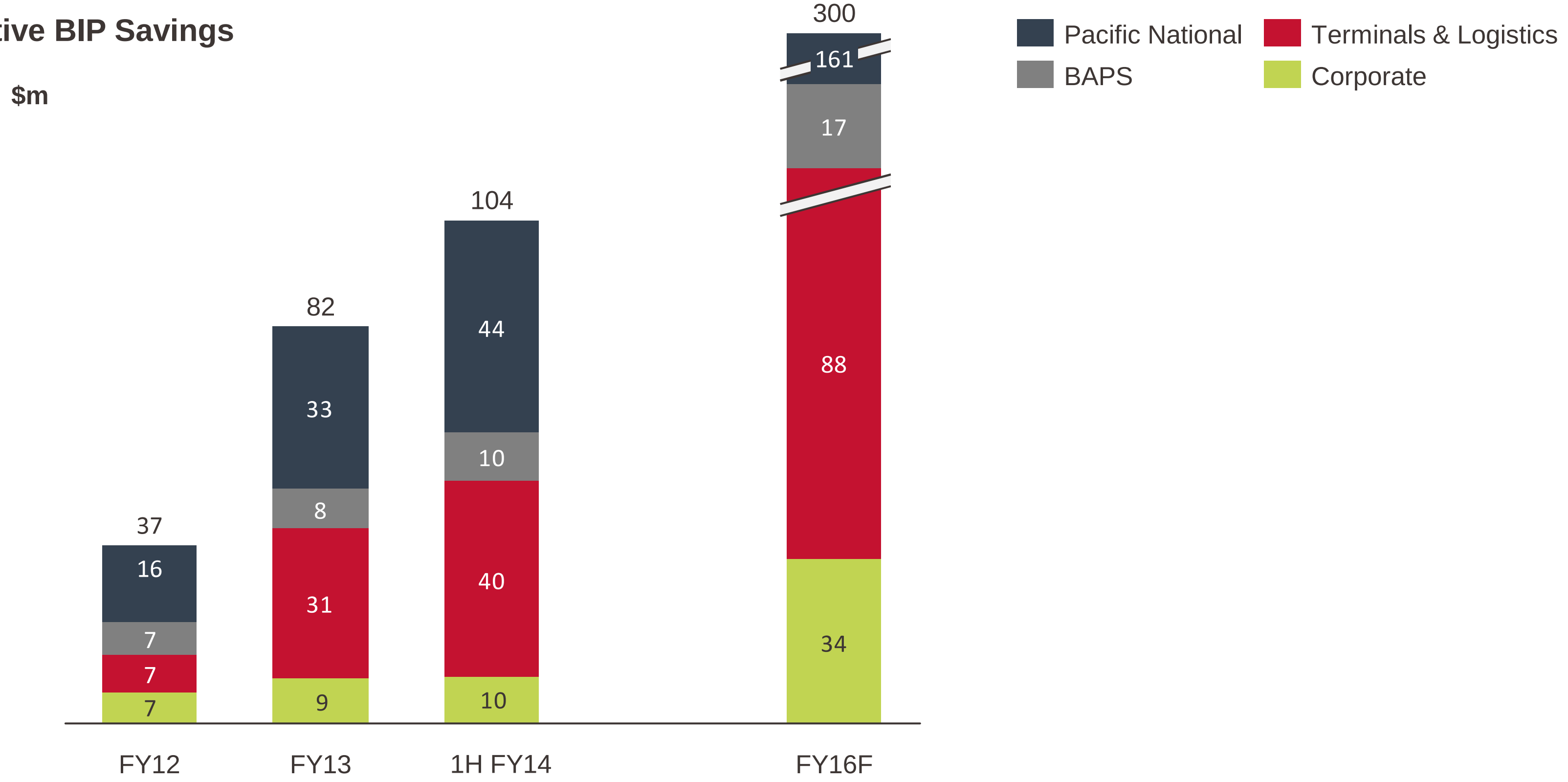
Objective is to increase the payout ratio range over time as free cash flow grows towards an average Australian industrial company payout ratio



BUSINESS IMPROVEMENT PROGRAM

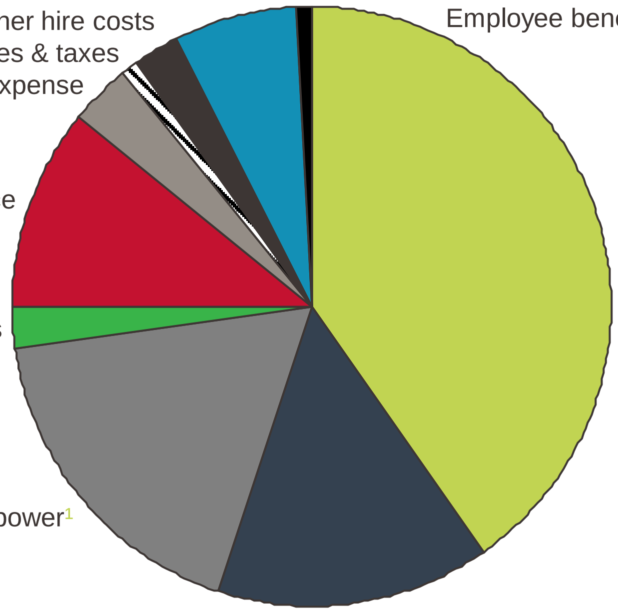
Doubled the FY16 five year Business Improvement Program target to $300m driven primarily by outperformance in underlying PN Rail activities, the benefits flowing from the integration of the two rail businesses and restructure of corporate and shared services activities

Cumulative BIP Savings



OPERATING LEVERAGE TO VOLUME UPSIDE

FY13 Operating Expenses Breakdown



1. Majority of costs direct pass through under Coal contracts a proportion pass through under freight forwarding contracts
2. 76% of AIO's FTEs under enterprise agreements with fixed annual wage rises

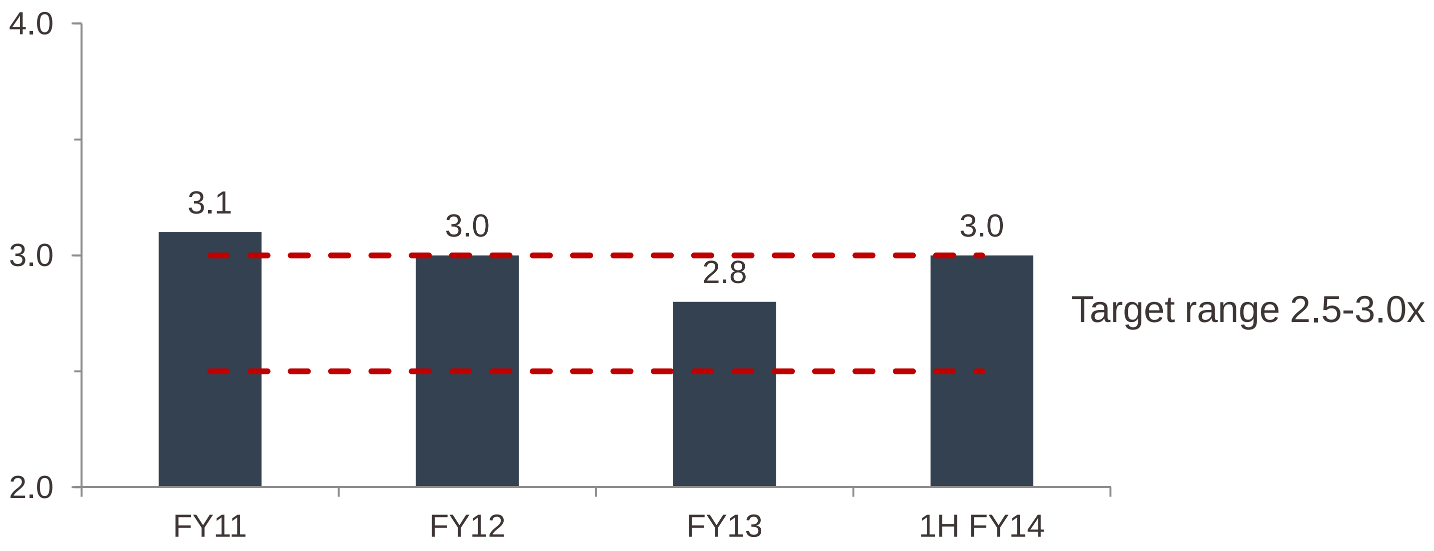
- High fixed cost business leverage to volume upside where there is latent capacity due to prevailing below average volume growth
- Key parts of the business where there is operating leverage are intermodal rail and container terminals, ~40% of 1H FY14 EBITDA
- Difficult to make step changes in the cost structure. Identified avenues for change are:
  - Improved productivity through the use of technology and systems
  - Improved utilisation of labour pools. More sophisticated matching of skill sets with seasonal and other fluctuations in business requirements
  - Long term planning around structure of enterprise agreements to offer our workforce more innovative arrangements that deliver Asciano more flexibility
  - Leverage scale of Asciano to improve procurement of goods, products and services

DEBT MATURITY PROFILE

- Weighted average debt maturity 5 years at 31 May 2014
- All-in cost of debt running at just below 7%
- First of US 144A bonds to mature in September 2015
- Expect new issues to price inside outstanding bonds and maintain long maturities

LEVERAGE WILL DECLINE AS GROWTH IN FREE CASH FLOW ACCELERATES

Net debt to EBITDA (x)*

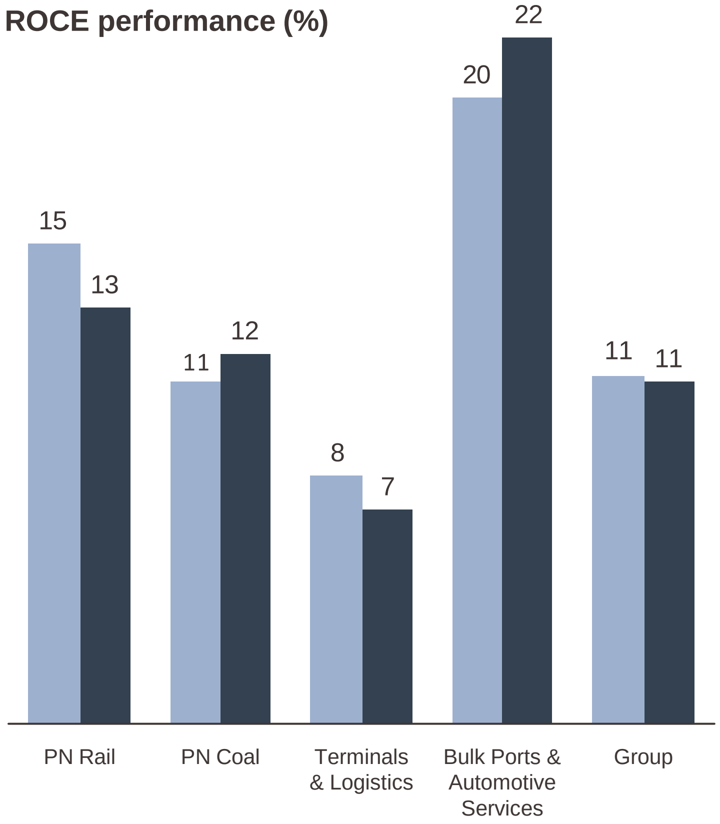


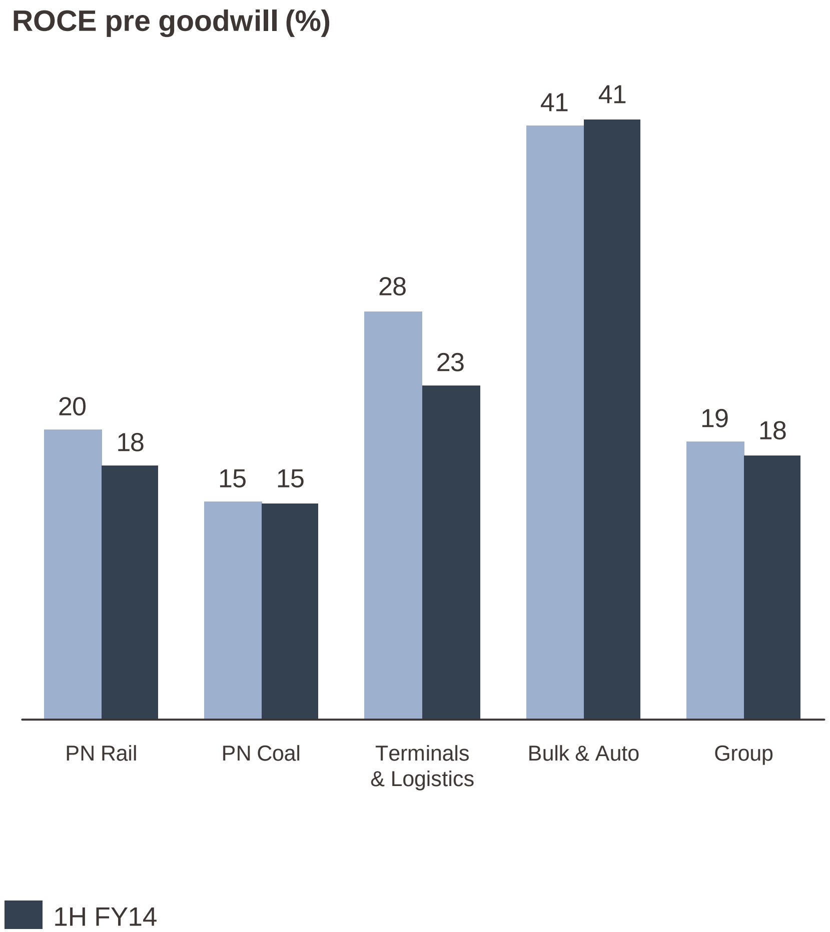
- AIO's target leverage range is 2.5x – 3.0x. Net of MTM movements, leverage was approximately 3x at 31 December 2013
- Leverage is expected to decline to the bottom end of the target range as free cash flow accelerates over the next two years

*Net interest and EBITDA based on rolling 12 month period and includes capitalised interest

FINANCIAL RETURNS IMPROVING - EXPECT TO MEET TARGET ROCE IN FY17

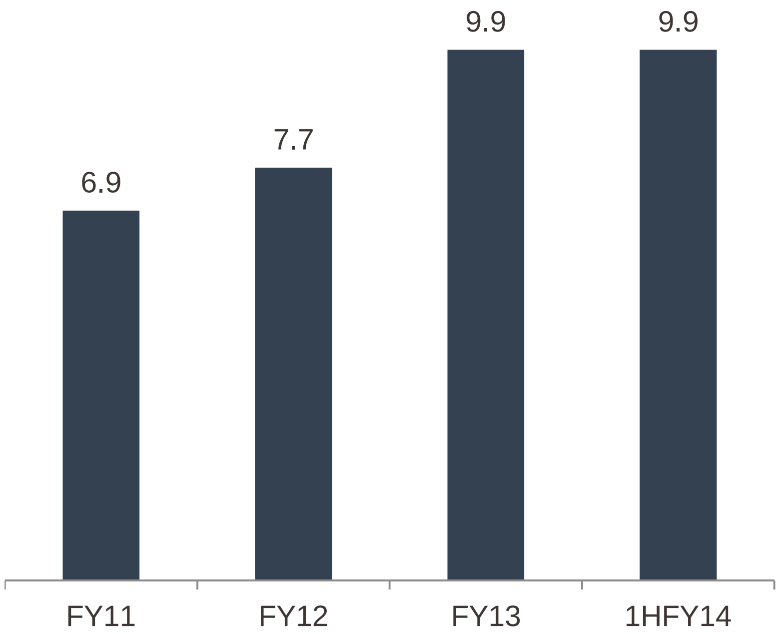
By the end of FY14 three of the four Divisions will be generating above cost of capital returns



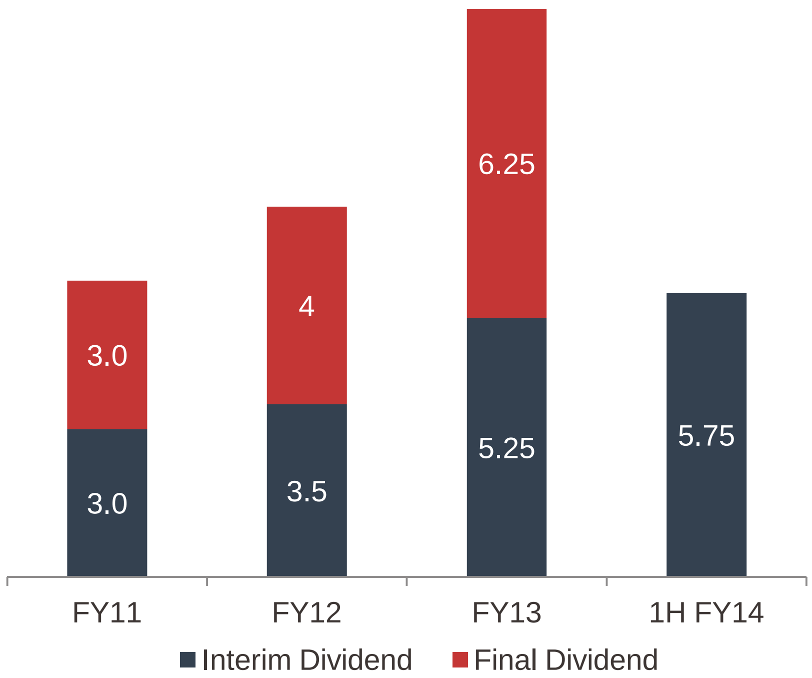


STRONG GROWTH IN SHAREHOLDER RETURNS

ROE pre material items performance (%)



Dividend Growth (cps)



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EARNINGS OUTLOOK

- Asciano continues to expect to report low single digit growth in Underlying Net Profit after Tax in FY14[1], in line with guidance at the start of the year
  - Stronger than expected growth in coal and container volumes, and a strong focus on costs, offset weaker volumes in export grain, intermodal and bulk ports
- Material items for the year are now expected to be costs in the range of $120-$130m pre tax ($84-91m post tax) (previous guidance was $15-25m in pre tax costs). The increase primarily relates to the costs associated with the restructuring of the Rail business and Corporate and Shared Services.
  - Port Botany redevelopment cash costs - $10-15m. This includes employee related costs & commissioning
  - Port Botany redevelopment non cash costs – approx. $25m write down in the value of assets
  - Rail integration cash costs - $25-$30m for employee redundancies
  - Rail integration non cash costs – approx. $50m non-cash write down in the value of rolling stock
  - Corporate restructure cash costs – approx. $10m primarily relating to redundancy costs
- Material items will be comprised of cash costs of $45-55m and non-cash costs of approx. $75m. The majority of cash costs will be incurred in FY14
- The increase in the business improvement program and accelerated cost out should drive earnings growth in FY15 at a higher rate than FY14 despite current expectations for ongoing soft top line growth

1. Pre material items

Q&A SESSION