ASX/MEDIA RELEASE

FY15 First Quarter Volume Update

Strong performance on costs offsets some ongoing volume volatility, guidance unchanged

23 October 2014

Asciano Limited (ASX: AIO) (OTCUS: AIOYY) today releases its FY15 first quarter volume update for the three months ended 30 September 2014.

Pacific National

Coal & Other Bulk Volumes

3 months ended	Sept '13	Sept '14	%Chg
Coal Net Tonne Kilometres (NTKs) (m)	7,071	7,424	5.0
Coal Tonnes (m)	38.1	40.6	6.6
Other Bulk Rail NTKs (m)	1,279	1,181	(7.7)

Intermodal Volumes

3 months ended	Sept. '13	Sept. '14	%Chg
Intermodal NTKs (m)	5,638	5,503	(2.4)
Intermodal Twenty Foot Equivalent Units (TEUs) ('000)[1]	188.9	192.0	1.6

1. Now includes TEUs carried by Queensland intermodal business

- Coal South East Australia (SEA) – Tonnes hauled increased 6.5% and NTKs increased 8.5% over the quarter compared to the pcp (previous corresponding period) reflecting very high utilisation rates over the period
- Coal North East Australia (NEA) –Tonnes hauled increased 5.8% and NTKs increased 0.5% over the quarter compared to the pcp impacted by maintenance outages in the Goonyella network and stockpile issues. Utilisation rates are expected to remain high running into the end of 1H FY15

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- Coal tonnes hauled versus contracted was 89.9% for the quarter (86.7% in the pcp) and NTKs were 91.1% for the period. Outside of external factors such as weather Asciano continues to expect tonnes hauled versus contracted to remain at relatively high levels for the rest of FY15
- Other Bulks – Other Bulk Rail NTKs declined 7.7% for the quarter on the pcp primarily reflecting a 31.8% decline in grain volumes for the period over the pcp which at this point is expected to recover back to comparable levels with last year following a reasonable growing season
- Intermodal NTKs declined 2.4% for the quarter over the pcp reflecting ongoing weakness in Superfreighter volumes and weaker than expected Steel volumes. Intermodal volumes are gradually improving and are now tracking at flat year on year
- While Pacific National volumes overall were slightly below expectations the progress in relation to the integration of the two businesses and the forecast business improvement program is tracking ahead of expectations resulting in a strong improvement in margins on the pcp

Terminals & Logistics

3 months ended	Sept ‘13	Sept ‘14	%Chg
Container Lifts (‘000)	525	525	-
TEUs (‘000)	781	776	(0.6)

- Container lifts were flat for the quarter with volumes at Fremantle and East Swanson Dock up on the pcp and Port Botany and Fisherman Islands down for the quarter on the pcp. The overall result was a function of a number of factors including:
    - the inclusion of the K Line service into Fremantle and three new smaller services into East Swanson Dock offset to an extent by the cessation of the PIL service
    - a strong comparative period last year at some ports
    - volume shifts due to consortium changes and service market share changes
    - market share changes across shipping lines and key routes
    - fluctuations in sub contracting volumes between stevedores compared to the pcp
- Logistics TEUs were down 1% for the quarter on the pcp reflecting a soft market and the net impact of contract gains and losses
- Due to tight cost controls to offset the ongoing volatility in volumes the Division has reported good margin growth compared to the pcp

Bulk & Automotive Port Services

3 months ended	Sept ‘13	Sept ‘14	%Chg
Vehicle Movements (‘000)	280	263	(6.1)
Vehicle Storage Days (‘000)	5,590	4,145	(25.8)
Bulk Tonnes Stevedored (’000)	2,882	2,997	4.0

Automotive

- Automotive services reported a significant decline in storage days in the quarter over the pcp reflecting the expected run down in vehicle inventory since the peak levels achieved in FY14

Bulk Ports

- Stevedoring activity levels over the quarter were impacted by lower volumes on the Agility contract reflecting the expected wind down of that contract. Excluding the Agility contract, bulk tonnes stevedored increased by 4% over the quarter versus the pcp driven by increased volumes in areas including copper, manganese, phosphate, fertiliser and steel offset to an extent by weaker volumes in areas including aluminium and project cargo

- The contribution from port management activities over the quarter increased compared to the pcp reflecting activity levels at those ports including an 8% increase in fertiliser volumes

Group Outlook

Managing Director and CEO of Asciano John Mullen said, “While coal haulage volumes continue to remain at high levels, volumes across our other businesses remain patchy. In response to this environment we are very focused on our business improvement programs and in particular the integration of our two rail businesses. As a result of this focus, and despite the softer than expected volumes in some areas of the business, we have reported very good EBIT margin expansion in the first quarter of FY15. The progress on BIP reflects our ongoing aim to achieve the five year FY16 EBIT CAGR target of 10-15% despite the soft top line environment. We continue to expect underlying EBIT growth in FY15 to be higher than the underlying EBIT growth of 5% reported in FY14.”

- Ends –