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Toll Holdings Limited
ABN 25 006 592 089

25 November 2014

The Manager
Australian Stock Exchange
Company Announcement Office
Level 4
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Sydney NSW 2000

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Dear Sir

Portfolio changes driven by focus on return on capital

Please find attached an ASX and media release on the abovementioned subject for release to the market.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.





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ASX and media release

Tuesday 25 November 2014

Portfolio changes driven by focus on return on capital

Australia's largest provider of transport and logistics services, Toll Group (Toll), today announced a range of transactions to drive improved returns for shareholders and rationalise its portfolio of businesses.

The actions announced today by Toll include the:

- Decision to pursue options for monetising its Singapore TOPS supply base;
- Conditional sale of the assets of Toll Marine Logistics Northern Australian marine freight business;
- Exit of Toll Marine Logistics Asia and dispose of all remaining assets;
- Sale of Toll Global Express Asia;
- Sale of its 50% interest in the Toll dnata Airport Services joint venture; and
- Sale of its 40% interest in BIC in India.

"These decisions reflect our drive to improve sustainable shareholder returns through our focus on return on capital employed", said Mr Brian Kruger, Managing Director of Toll.

"These transactions will have multiple benefits for Toll, including releasing significant capital presently tied up in real estate, exiting loss making businesses, and selling businesses that are non-core to Toll to more natural long term owners."

"While the final timing of the various transactions announced today will vary between the first half and second half of this financial year, we expect that they will all complete during this financial year, resulting in an overall positive contribution to reported earnings. However, the first half reported result will include a negative impact of non-recurring significant items relating to actions completed in the period, particularly the decision to exit from Toll Marine Logistics Asia.

"The cash proceeds from these transactions, excluding the sale of TOPS property assets, are expected to be in excess of A\$100 million."

The actions in more detail.

1. Review of options for TOPS:

Toll Offshore Petroleum Services (TOPS) is an oil and gas supply base located in Singapore. Toll is both the landlord to a number of tenants on the base and the supply base operator. A major redevelopment of the base was completed in October 2013 and Toll is now pursuing options to monetise the assets, but will continue as the supply base operator.



2. Sale of the assets of Toll Marine Logistics Northern Australian marine freight business:

Toll has entered into an agreement with Cairns-based marine logistics provider Sea Swift for the sale of the assets of its Far North Queensland and Northern Territory marine freight operations for A\$45 million and a minority 20 per cent stake in the new business.

The agreement includes the sale of two Cairns-based vessels servicing Weipa and the Torres Strait Islands, and two Darwin-based vessels which currently service remote communities such as Gove and Groote Eylandt in the Northern Territory.

The sale does not include the Francis Bay terminal in Darwin, or the marine logistics work for LNG operations in Queensland and Western Australia, which will be the future focus of Toll's marine logistics business.

"This is a good result considering the particularly difficult market conditions faced by Toll's marine logistics business in Far North Queensland and the Northern Territory in recent years," Mr Kruger said.

The sale is conditional, including being subject to Australian Competition and Consumer Commission approval, with a decision expected by them in the second half of fiscal 2015.

3. Exit of Toll Marine Logistics Asia

Following the sale of 34 vessels to date, Toll will now exit its Asia marine logistics operations by selling its remaining 37 vessels. These vessels are expected to be sold within the next six months.

Toll Marine Logistics Asia provides tug and barge services, primarily to bulk commodity miners in Indonesia. The decision to exit these operations in Asia was primarily due to ongoing regulatory challenges and weak outlook for this market.

Given the ongoing deterioration in the market a further vessel impairment of approximately A\$15 million is necessary, with a further pre-tax write-off of approximately A\$45 million relating to the reversal of a foreign currency translation reserve, goodwill and exit costs.

4. Sale of Toll Global Express Asia

Toll Global Express Asia is an express parcel business headquartered in Singapore. Whereas Toll Global Express Australia has significant scale and network advantages, Toll Global Express Asia lacks this critical mass and competitive advantage. Toll will continue to work collaboratively with the new owner and our other global strategic partners in relation to express freight being moved into, and out of, Australia.

5. Sale of Toll dnata Airport Services (TdAS)

Toll has agreed to sell its 50 per cent stake in TdAS to its joint venture partner, dnata – one of the world's largest air service providers, subject to approval from Australia's Foreign Investment Review Board.

While it was decided the joint venture was no longer core to Toll's transport and logistics offering, the working relationship between dnata and other parts of Toll's express freight operations will continue.



6. Sale of BIC India

BIC India is a less than truckload carrier, with its key customer segment being the automotive sector. Toll acquired a 40 per cent interest in the business in 2009, but has found it increasingly difficult to make progress with its plans for the business. Given these challenges, Toll has sold its interest to the majority shareholder.

Note to editors

Toll Group (ASX code: TOL) is the Asia Pacific region's leading provider of transport and logistics. Toll employs around 40,000 people across some 1,200 locations in more than 50 countries. Toll's specialist logistics capabilities incorporate a range of sectors including defence & government, industrial, manufacturing, mining & resources, retail and automotive. www.tollgroup.com

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