



Thursday, 7 May 2015

The Manager
Company Announcements Office
Australian Securities Exchange
Level 45, South Tower Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir/Madam,

Re: CEO Address to Macquarie Connections Australia Conference

Attached is a copy of a presentation to be delivered by John Mullen, Chief Executive Officer, at the Macquarie Connections Australia Conference today. In accordance with the Listing Rules, this is for release to the market.

Yours faithfully,

A handwritten signature in blue ink, reading "Lyndall Stoyles".

Lyndall Stoyles
Group General Counsel & Company Secretary

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Macquarie Connections Australia Conference May 2015

John Mullen

CEO – Asciano Limited

DISCLAIMER



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FIVE YEAR PLAN **BROADLY ON TRACK**



1	<p>4 years into 5 year plan broadly on track despite change in environment:</p> <ul style="list-style-type: none"> • Coal now harvesting significant investment over last few years rather than “super cycle” growth • Container volume growth now 1.5x GDP rather than 2.5+x GDP • Automation of Port Botany, step change at the port will drive an improved competitive position • Fragmentation of new competition in container terminals on east coast reduced impact to-date • Australian economic growth softer for longer than anticipated • EBIT CAGR at low end of 10-15% target after 3 years tough to achieve 5 year target • EPS CAGR 19.8% over first three years expect to continue to be higher than EBIT growth
2	<p>Business improvement program and general cost out double original plan at \$300m, has resulted in a more innovative approach to our customer service offering and continual challenging of traditional business practices</p> <ul style="list-style-type: none"> • Next phase of Pacific National program being developed focus on business processes and technology change
3	<p>Catch –up capital expenditure higher than originally anticipated - now reducing significantly</p> <ul style="list-style-type: none"> • ROCE improving more slower than original trajectory, Pacific National now well above cost of capital, Patrick ex-legacy goodwill remains high • Capital expenditure, including committed growth capex, in FY16 forecast range \$390-440m • Significant leverage and flexibility in business platform for economic upswing
4	<p>Cash flow expected to grow rapidly as a result of decline in capex</p> <ul style="list-style-type: none"> • Drive increase in payout ratio. 24% DPS CAGR over last three year • Leverage will decline as cash flow improves forecast target bottom of 2.5x-3.0x target range
5	<p>Continue to look for opportunities to create value across all Divisions including joint ventures, partnerships acquisitions and divestments, will not be pursued if it jeopardises free cash flow, payout ratio and leverage commitments</p> <ul style="list-style-type: none"> • Restructure of Logistics and BAPS part of this process additional initiatives continually being assessed
6	<p>Continue to expect EBIT growth in FY15 of greater than the 5% growth achieved in FY14</p> <ul style="list-style-type: none"> • Modestly improving volume growth across some business • Successful BIP program driven primarily by Pacific National

PACIFIC NATIONAL – UPDATE

Coal & Other Bulk Volumes – contract utilisation remains strong

3 months ended	March '14	March '15	%Chg
Coal Net Tonne Kilometres (NTKs) (m)	7,304	7,680	5.1%
Coal Tonnes (m)	40.8	40.0	-2.0%
Other Bulk Rail NTKs (m)	1,362	1,403	3.0%

Intermodal Volumes – gradually continuing to improve

3 months ended	March '14	March '15	%Chg
Intermodal NTKs (m)	5,129	5,061	-1.3%
Intermodal Twenty Foot Equivalent Units (TEUs) ('000) ¹	187.8	191.0	1.7%

- Coal haulage and contract utilisation in 2H FY15 has remained strong as miners continue to meet demand, in particular for metallurgical coal out of Queensland
- Other Bulk volumes have also been reasonably strong primarily reflecting building and construction demand
- Grain volumes remain weak reflecting the impact of drought along parts of the East Coast of Australia
- Intermodal volumes continue to improve driven by traditional east/west forwarder volume offset to an extent in the quarter by weaker steel and auto volumes
- 4Q FY15 will be impacted by storm damage to track in Northern NSW and Southern Queensland. Volumes in the Hunter Valley coal chain and north-south intermodal were impacted by these severe weather events
- The Division is tracking well against its BIP targets and is developing the second phase of its integration program

TERMINALS & LOGISTICS – UPDATE

Container Terminals - volume boosted by new contract wins in Fisherman Islands and East Swanson Dock

3 months ended	March '14	March '15	%Chg
Container Lifts ('000)	475	492	3.6%
TEUs ('000)	703	731	4.0%

- Container lifts across the four terminals increased 3.6% for the quarter over the pcq reflecting higher volumes in East Swanson Dock and Fremantle and lower volumes in Port Botany and Fremantle compared to the pcq
- Volumes into Port Botany disrupted by the redevelopment of Patricks new terminal. More recently port disrupted by storms in Sydney region
- The Division recently announced the creation of a joint venture between its logistics arm, Patrick Port Logistics and Australian Container Freight Services Limited (ACFS). The joint venture will improve the competitive position of Patrick's metropolitan logistics activities bringing operational efficiency, while establishing a platform for future growth.
- The Division has been shortlisted for stage 2 of the lease tender process in Fremantle
- Recently extended contract with Maersk shipping line for a further two years. Includes transfer of an existing consortium service into Melbourne and Sydney from DP World to Patrick, offsetting ANL Trans-Tas service lost from May 2015
- Proposed joint venture with ACSF with ACCC for review, integration plan under way

UPDATE ON PORT BOTANY – SUMMARY OF CUTOVER

Complex project cutover successful largest fully automated facility in the world sets new bench mark

- 21-29 March - Completed Parallel Run followed by Terminal Ramp Down completed on time
- 29 March - IT Cutover completed with 1195 boxes migrated to production on the Knuckle
- 2-9 April – Go-live on Berth 7, 8 and 9 completed with no significant issues, final berth cross over 11 days ahead of plan
- All current berths and all truck grids are now operational and working to specification. Truck turnaround times reduced to 29 minutes
- Induction program was delivered to all retained employees during the shut down period – setting out expectations for safety, performance, customer, teamwork and culture
- All primary automation training delivered to workforce as per plan, with some secondary training delivered prior to go-live. Focus now on delivering the first tranche of additional secondary skills to provide further workforce flexibility and coverage to meet operational requirements



PORT BOTANY REDEVELOPMENT – NEXT STEPS

- Ramp up productivity, and manage customers back onto scheduled windows – storms in Sydney disrupted process
- Manage final issues around employee redundancies
- Three Liebherr cranes arriving in May commissioning expected to take several months
- Drive benefits of automation in areas including safety. Pleasing results so far but early days:
 - First “safety incident free” week ever achieved at Port Botany



BULK & AUTO PORT SERVICES – UPDATE



Bulk & Auto Volumes - activity levels remain mixed

3 months ended	March '14	March '15	%Chg
Vehicle Movements ('000)	248	259	4.4%
Vehicle Storage Days ('000)	6,079	3,547	-41.7%
Bulk Tonnes Stevedored ('000)	2,983	3,009	0.9%

- Automotive movements improved 4.4% over the quarter versus the pcg reflecting improved sales of new cars in Australia in CY2015
- Storage volumes continue to be weak relative to above average levels in the pcg. Levels are now below the long term average
- Stevedoring activity levels continue to be patchy with activity levels at ports such as Geelong showing good growth versus weaker volumes at resource project related ports
- While new project work is not widely available there are some new opportunities in existing regions that the Division is developing
- C3's softwood exports have stabilised however the outlook remains uncertain given the slow down in the Chinese economy
- Recently C3 and Patrick have secured new projects at Gladstone Port and Marsden Point
- The restructure of the business is well under way and includes the integration of Patrick's regional logistics business

QUESTIONS

