



**Toll Group**  
Level 7, 380 St Kilda Road  
Melbourne VIC 3004 Australia

T +61 3 9694 2888  
F +61 3 9694 2880  
www.tollgroup.com

Toll Holdings Limited  
ABN 25 006 592 089

16 May 2012

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

**Lodged Through ASX On Line**  
Total No. of Pages: 3

Dear Sir

**Toll Update**

Please find enclosed an ASX release regarding the abovementioned subject.

Yours faithfully  
**TOLL HOLDINGS LIMITED**

  
**Bernard McInerney**  
**Company Secretary**



Wednesday 16 May 2012

## Toll update

Toll Group (Toll Holdings Limited) has announced decisions to reduce the carrying value of its Footwork Express business and property assets; sell down of Toll's Automotive finished vehicle distribution business and provided an earnings update for FY2012.

### Footwork Express

Given the continuation of extremely difficult market conditions in Japan, including the lingering impact of the earthquake and tsunami, and a lower likelihood of any near term recovery, the Toll Board has decided to write-down the carrying value of the Footwork Express business by between A\$146 million and A\$166 million, to leave capital employed of between A\$200 million and A\$220 million. The write-down will include the full amount of goodwill and intangibles associated with this business of A\$133 million, with the balance of the write-down, which is yet to be finalised, relating primarily to property assets.

Despite progress on reducing costs and improving internal productivity we are now expecting the full year EBIT for Footwork Express to be a loss of between A\$5 million and A\$10 million.

Toll is conducting a full strategic review of its options for this business going forward.

### Property

Toll has conducted its regular property portfolio review. Reflecting the continuing deterioration in Australian commercial property values, the Board has decided to reduce the carrying value of four sites, including a major property at Villawood in Sydney, by A\$56 million pre-tax (A\$39 million post-tax).

The review of the intermodal site at Villawood was influenced in particular by the impact of the exit of a key customer, BlueScope Steel, following their decision to exit from the export steel market, and the Federal Government's decision to support development of a Government owned freight hub at Moorebank in south-western Sydney.

### Automotive Australia

As detailed in a separate release to the ASX, Toll has finalised the sale of part of its Automotive business in Australia.

The sale is of Toll's finished vehicle distribution service to PrixCar, a 50-50 joint venture company between Toll and K-Line Automotive. The combination of these two businesses will create a more sustainable and competitive business, able to offer a fully integrated end to end supply chain and customer offering. The sale of this business will generate a pre-tax one-off gain for Toll of approximately A\$47 million (after-tax gain of A\$37m).

### Summary of one-off items (A\$ million)

	Pre tax	Post tax
Footwork Express	(146 – 166)	(146 – 166)
Property	(56)	(39)
Automotive	47	37
<b>Total</b>	<b>(155 – 175)</b>	<b>(148 – 168)</b>



## **Earnings Outlook**

Commenting on the earnings outlook for the 2012 financial year, Toll Managing Director, Mr Brian Kruger said, "We have seen continued pressure from the soft retail sector in Australia affecting the financial performance of our domestic businesses with an exposure to that sector, together with weakness in the global apparel sector impacting volumes and EBIT in Toll Global Forwarding.

"In addition, we have seen a deterioration in the performance of Footwork Express, and continued poor financial and operational performance in Toll Marine Logistics (part of Toll Global Resources), particularly in Asia, and significant margin pressures in the interstate linehaul and warehousing operations of the Toll Refrigerated business (part of Toll Domestic Forwarding).

"We expect this to result in underlying EBIT, including associate earnings (but excluding the one-off items listed above), for the 2012 financial year of between \$400 million and \$420 million compared with EBIT of \$436 million for the 2011 financial year. As previously indicated, Toll expects annual depreciation and amortisation of around \$280 million to \$290 million.

"We are taking a close look at underperforming businesses and are already undertaking strategic reviews of Footwork Express, Toll Marine Logistics Asia and Toll Refrigerated.

"While the very challenging and volatile market conditions have slowed our progress in completing the first stage of our strategy for Toll Global Forwarding, we continue to see this as an attractive sector in the long term and are committed to building a world class global forwarding business.

"Despite the challenges of the external environment, the majority of our businesses have continued to perform well, providing a strong contribution to overall Group earnings," Mr Kruger said.

- ends -

### **Media contact**

Christopher Whitefield  
Group Manager, Media & Research  
+61 3 8689 3269  
[christopher.whitefield@tollgroup.com](mailto:christopher.whitefield@tollgroup.com)

### **Investor relations contact**

David Shirer  
Group General Manager, Investor Relations  
+61 3 8689 3226  
[david.shirer@tollgroup.com](mailto:david.shirer@tollgroup.com)