



# **Toll Holdings Limited**

## **Morgan Stanley Conference**

Grant Devonport, Chief Financial Officer

Singapore, 13 November 2013

# The Toll Way

- **Our primary purpose**
  - We exist to connect people and products
- **Our Mission**
  - Our Mission is to harness our significant resources, know-how and passion to deliver optimal solutions for our customers
- **Our Vision**
  - **We want to be:**
    - able to provide an unrivalled set of global supply chain capabilities
    - an integral part of our customers' success
    - a group of businesses that are individually excellent and collectively unbeatable
    - creating sustainable value for our shareholders
- **And as a result be:**
  - recognised as the Asia Pacific region's most successful provider of logistics

# The Toll Way

- **Our core beliefs**

- We believe that:

- All injuries are preventable and everyone has a right to go home safely
    - People perform best when they are empowered, accountable and recognised
    - If we show other people respect, we will be respected
    - We will not always get things right and learning from our mistakes is part of our progress
    - How we go about achieving success is as important as success itself
    - Our customers' success creates our success

- **Our Values**

Integrity  
& trust

Safety

Continuous  
improvement

Teamwork

Being open  
& transparent

# Think safe. Act safe. Be Safe.



- Launched at the Global Management conference in October 2012
- Strategy cascaded throughout Regional management teams in November 2012
- Rolled out to employees via global “stop for safety” sessions commencing February 2013
- Focus on:
  - Safety leadership training
  - Safe behaviour
  - Simplified consistent standards
  - Compliance - company and contractors



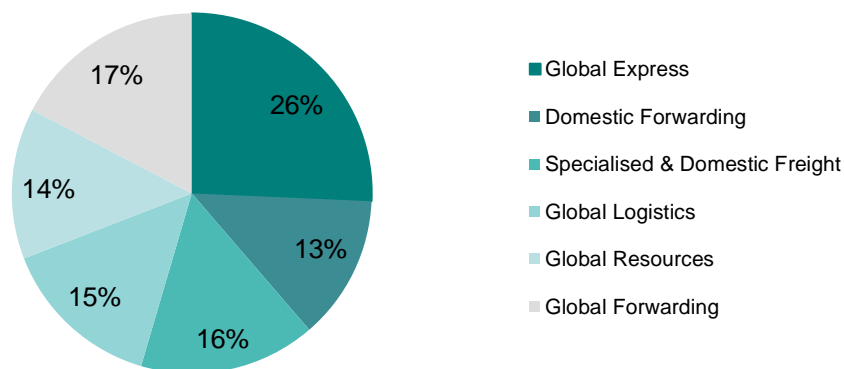


# Toll overview

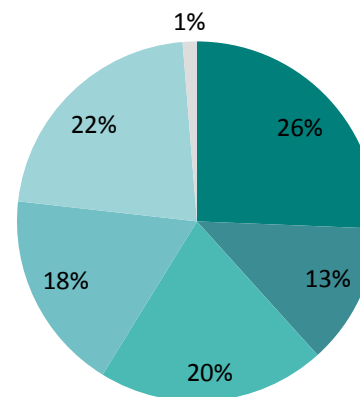
<b>Toll Group</b>					
<b>FY13 Revenue – A\$8,719m</b> <b>EBIT – A\$426m</b> <b>Group after tax return – 7.6%</b>					
<b>Toll Global Resources</b>	<b>Toll Global Logistics</b>	<b>Toll Global Forwarding</b>	<b>Toll Global Express</b>	<b>Toll Domestic Forwarding</b>	<b>Toll Specialised &amp; Domestic Freight</b>
Provides logistics services to the oil & gas, mining, and government and defence sectors in Australia Asia and Africa	World class contract logistics solutions provider in the Asia Pacific region	International freight forwarding and advanced supply chain management services	Market leading express freight operator in Australia providing time sensitive freight distribution, and an express logistics provider in Japan	Domestic freight forwarding across Australia and New Zealand	Provides a comprehensive suite of options Australia-wide for palletised freight, liquids distribution, chemicals distribution and warehousing through to relocation services
<b>FY13</b> Revenue – A\$1,179m EBITA – A\$109m ROCE - 10.2%	<b>FY13</b> Revenue – A\$1,267m EBITA – A\$89m ROCE – 10.1 %	<b>FY13</b> Revenue – A\$1,507m EBITA – A\$6m ROCE - (0.1)%	<b>FY13</b> Revenue – A\$2,234m EBITA – A\$127m AU ROCE - 45.1% JP ROCE – (2.8)%	<b>FY13</b> Revenue – A\$1,130m EBITA – A\$63m ROCE - 20.0%	<b>FY13</b> Revenue – A\$1,380m EBITA – A\$101m ROCE - 40.1%

# Toll divisional split

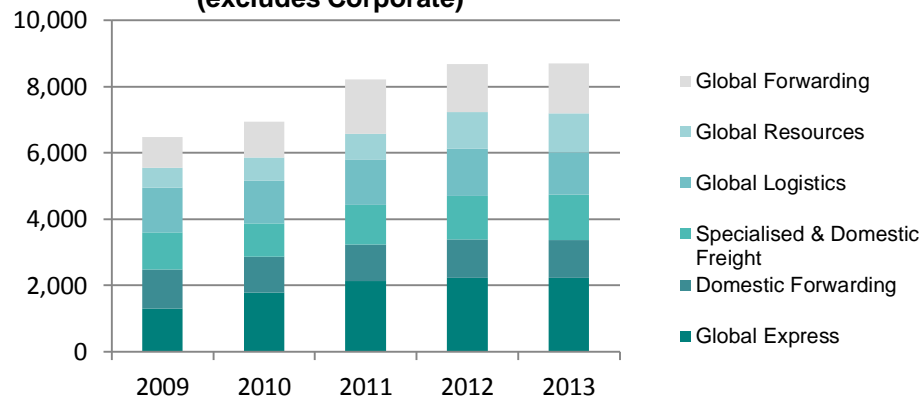
**2013 revenue split by division**  
(excluding Corporate)



**2013 EBITA split by division**  
(excluding Corporate)



**Historical Revenue by Division (A\$m)**  
(excludes Corporate)



**Historical EBITA by Division (A\$m)**  
(excludes Corporate)

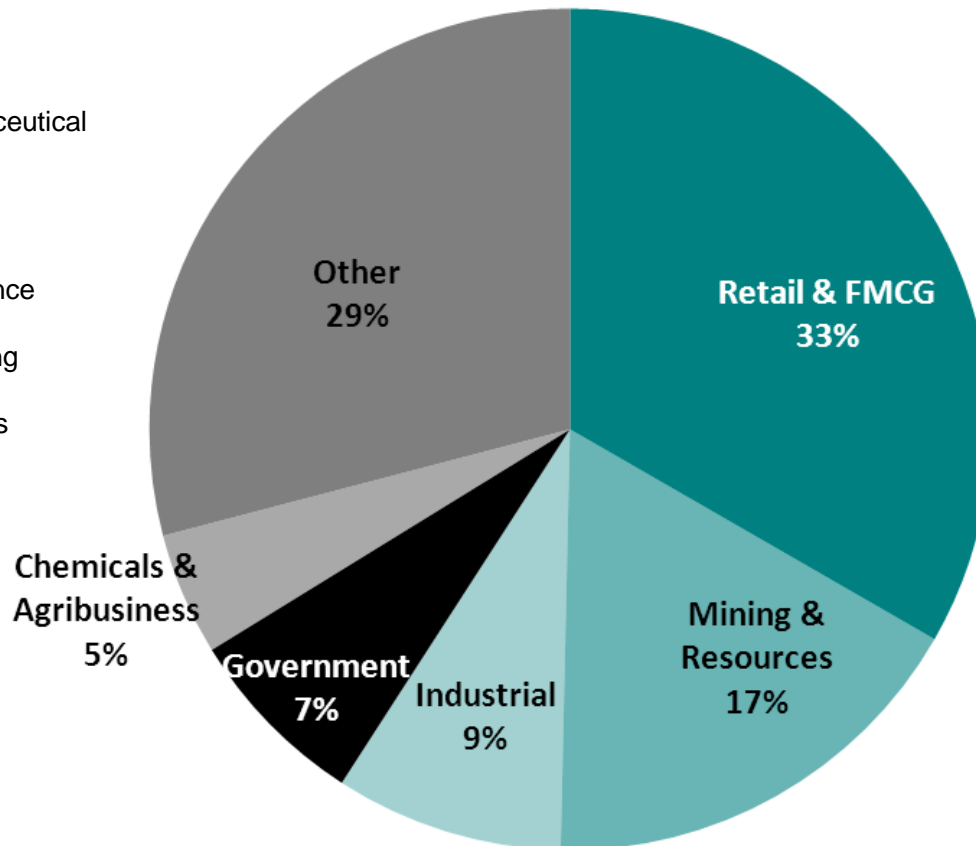


# Toll global sector split

## Toll Group 2013 revenue split by customer sector

### Other:

- Transport
- Health & Pharmaceutical
- Information, Communication & Technology
- Automotive
- Finance & Insurance
- Wholesale
- Paper & Packaging
- Utilities
- Business Services
- Media & Print





# 2013 results reflect focus on improving returns on investments

- Our focus on investing to improve returns from existing businesses and winning new customers is suiting the challenging business environment
  - Supports earnings growth in the absence of material top line growth
  - Provides leverage to any future improvement in economic activity
- Resilient Australian businesses have balanced price pressure from competitors and customers, with increased focus on cost and productivity improvements
- Continued weak global forwarding environment has required an even greater focus on cost management (Project Forward)
- Strong free cash flow and a sound balance sheet maintained
- Increased dividend reflects the Group's confidence in the sustainability of its earnings and cash flows
- Further benefits from our One Toll program delivered and expected to continue

## Investing in the future

Toll's new depot under development in Sydney for Toll IPEC

- State of the art sortation equipment
- Depot consolidation
- Improved productivity and safety
- Reduced costs



**Toll Global Express –  
Toll IPEC Bungarribee**



## Investing in the future

Toll's new depot under development in Brisbane for Toll NQX

- Improved customer service and capacity to grow
- Depot and office consolidation
- Improved productivity and safety
- Reduced costs



**Toll Specialised & Domestic Freight –  
Toll NQX Berrinba**



## Opportunities to grow

Toll Consumer Delivery is the business to consumer offering of Toll Global Express

- Direct consumer deliveries by Australia's leading integrated logistics company
- GraysOnline is an important contract win



**Toll Consumer Delivery**



## Opportunities to grow

Toll Secure is the cash logistics offering of Toll Global Express

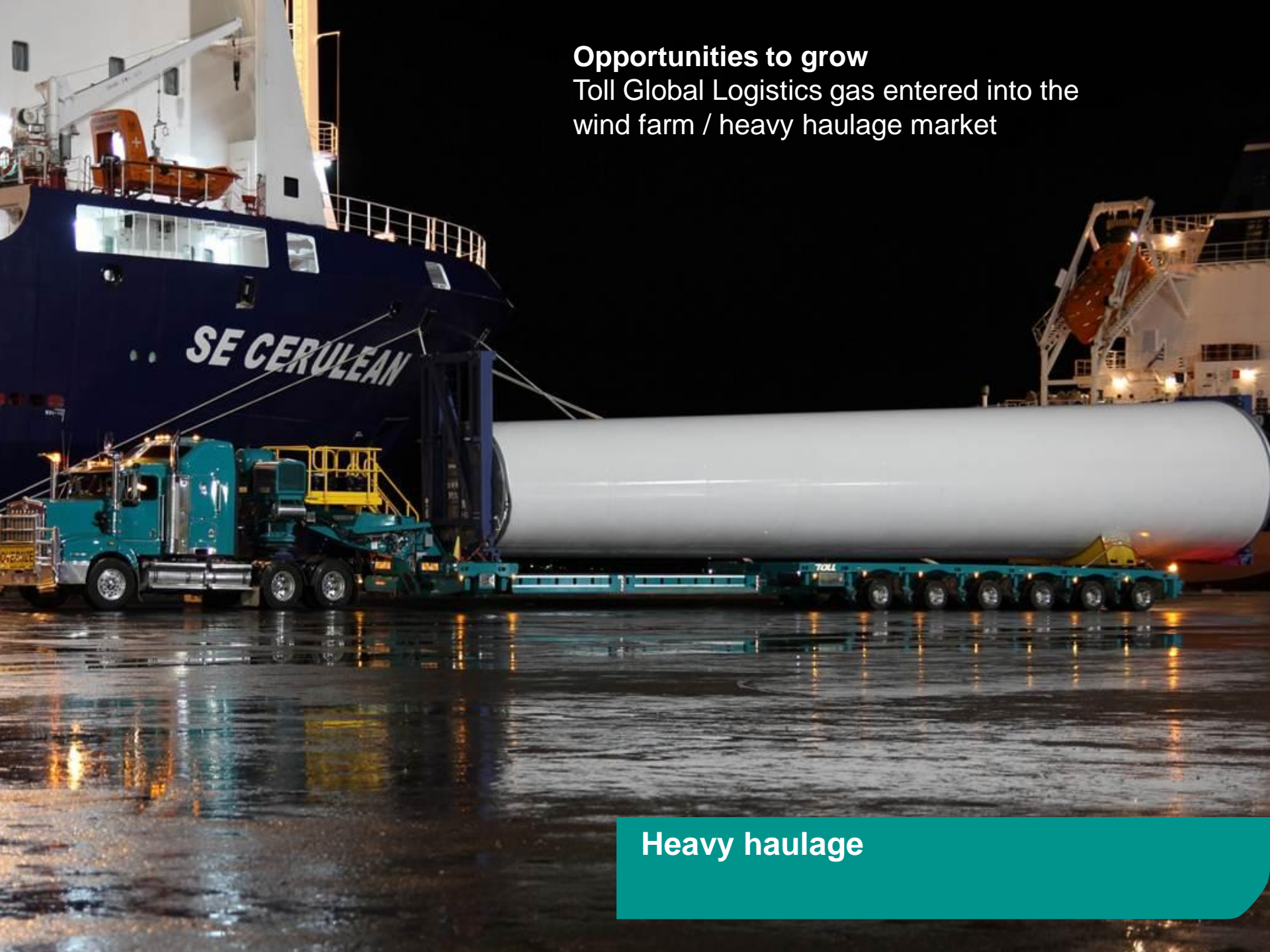
- Successful Westpac implementation
- New technology



**Toll Secure**



**Opportunities to grow**  
Toll Global Logistics gas entered into the  
wind farm / heavy haulage market



**Heavy haulage**

# Enterprise bargaining agreement completed

- TWU EBA affects almost 10,000 Toll employees in Australia
- No industrial action
- Industry-leading terms and conditions for our people
- 92% of votes in favour of the agreement
- Four year deal
- Wages

2013/14	2014/15	2015/16	2016/17
2% 1 July 2013 2% 1 Jan 2014	3%	4%	4%

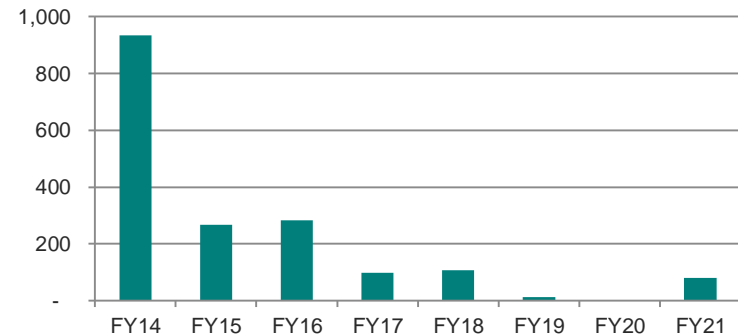
- Superannuation

2013/14	2014/15	2015/16	2016/17
12.25% contribution	Maintain contributions at 3% above statutory rates to a cap of 15%		
(an increase of 0.75%)	(The Federal Coalition Government are reviewing any increases in the statutory rate)		

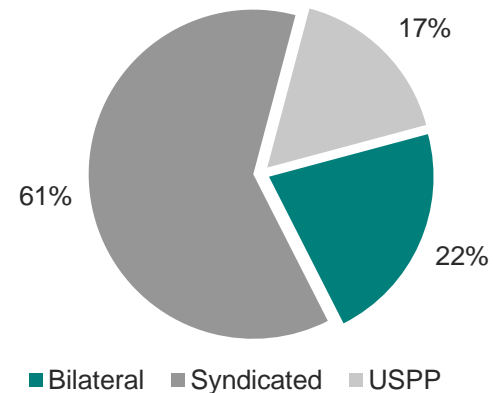
# Balance sheet strength enhanced through refinancing

- Strong balance sheet position at 30 June 2013
  - \$515 million in cash
  - \$369 million headroom in existing facilities
  - Net debt position \$1,273 million
  - Gearing 32.1%
  
- Debt refinancing underway
  - Current year facilities mature in May and June 2014
  - US\$ 250 million USPP issue negotiated
    - Draw down 4 December 2013
    - Mix of SGD (7 & 10 years), HKD (10 years) & USD (10 years)
  - Balance of HKD & SGD facilities to be re-negotiated in the near term
  - Extend tenor and spread maturity profile
  - No material change in Toll's interest expense

**Group Debt Maturity Profile (AUDm)  
at 30 June 2013**

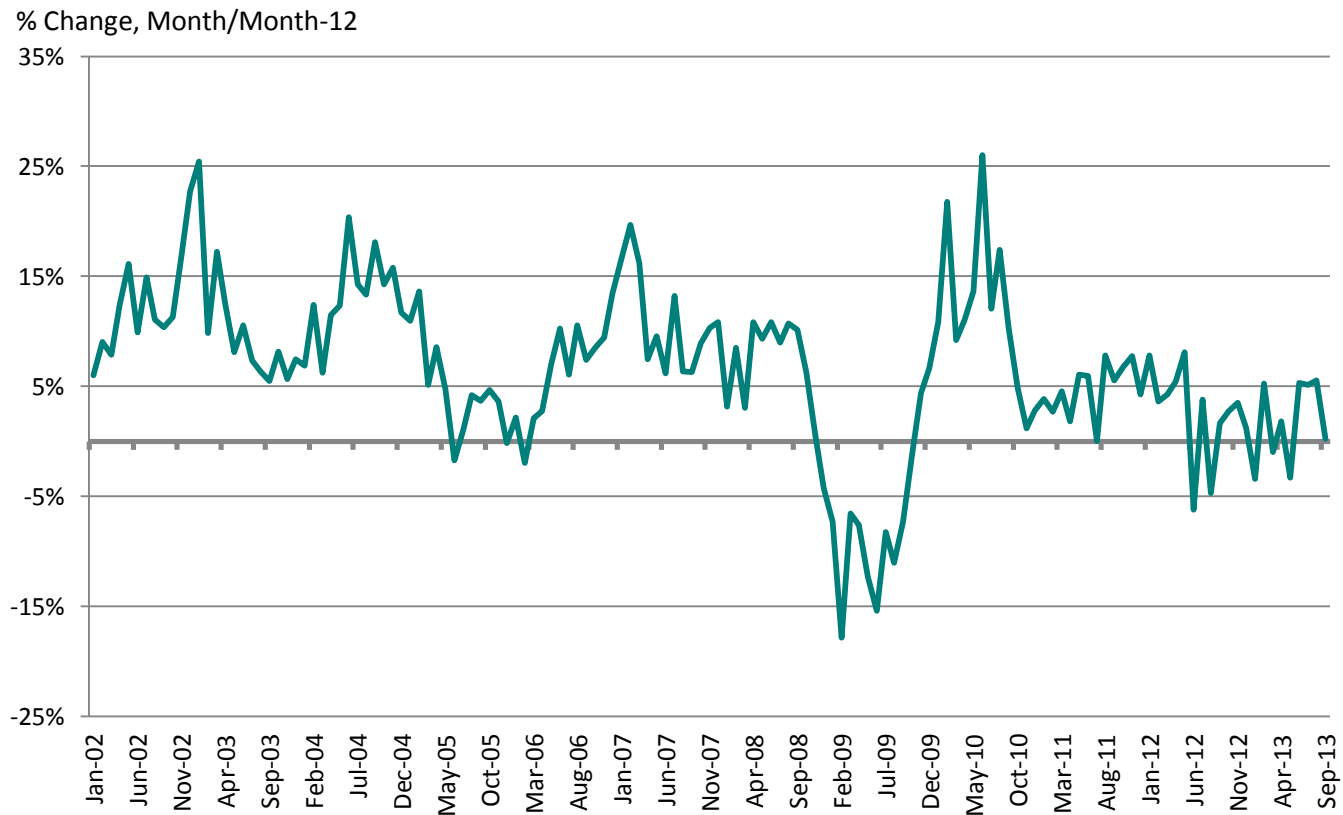


**Debt Split at 30 June 2013**



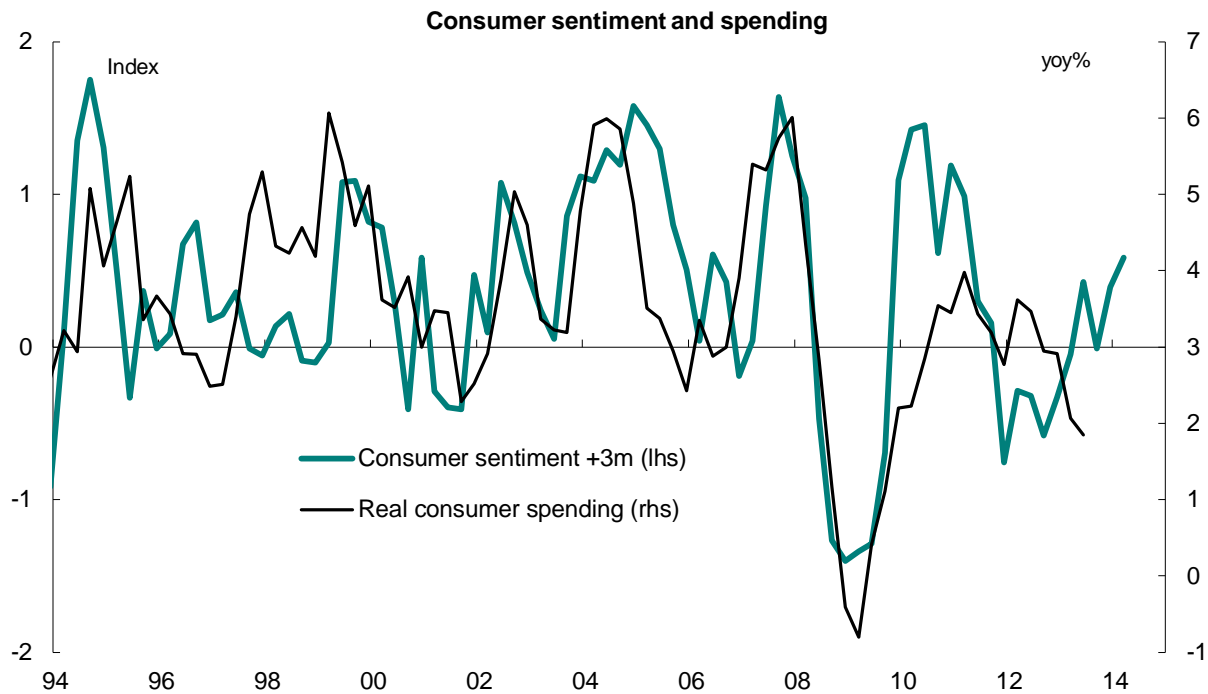
# Australian container volumes

## % Change in total monthly TEU trade on pcp – 4 Major Australian Ports



Source: Deutsche Bank, Port Authorities

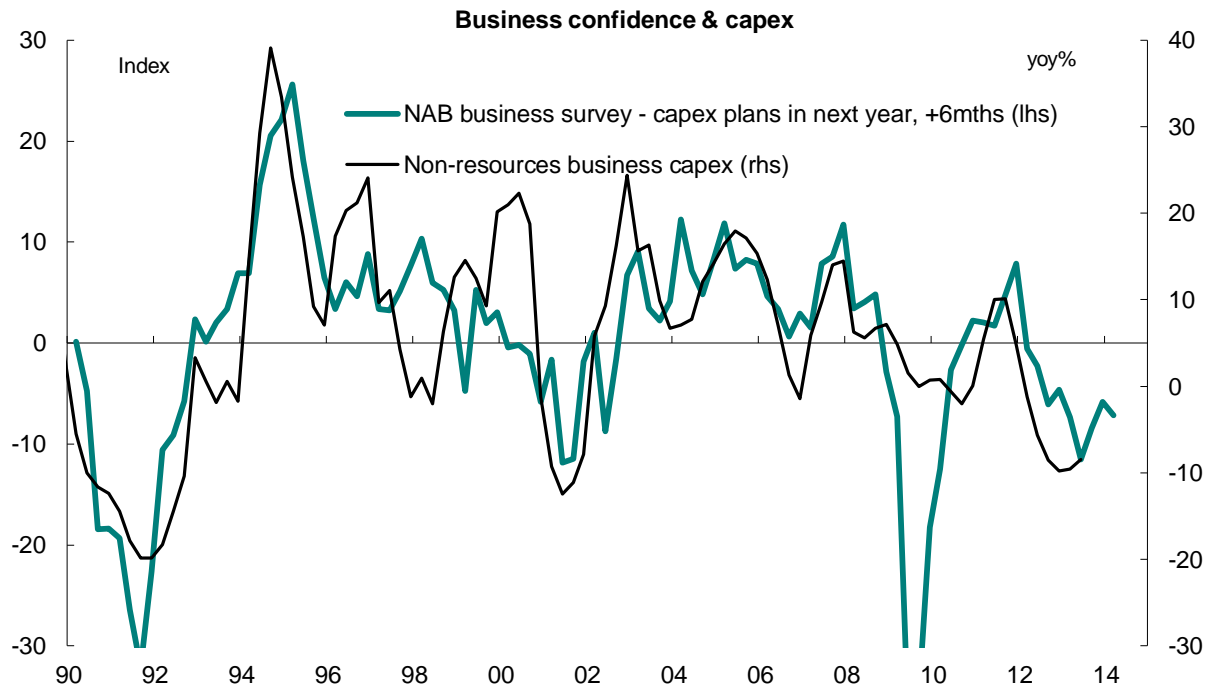
# Australian consumer sentiment



Source: ABS, Datastream and Deutsche Bank

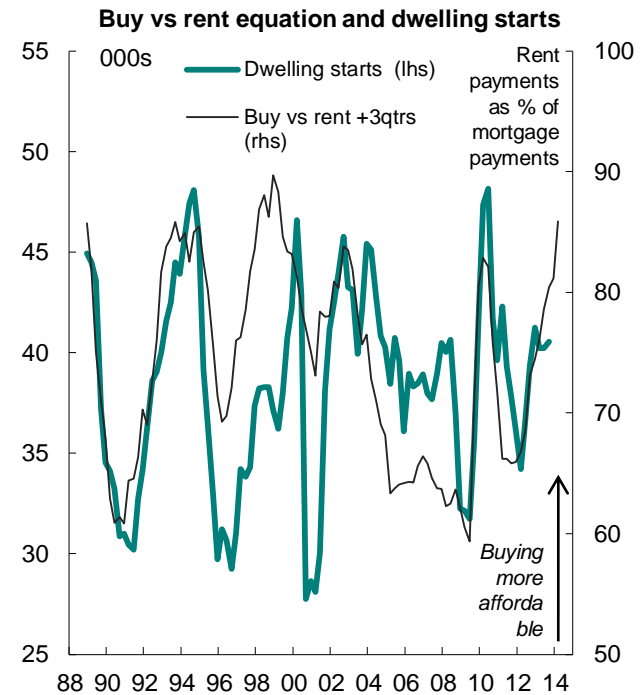
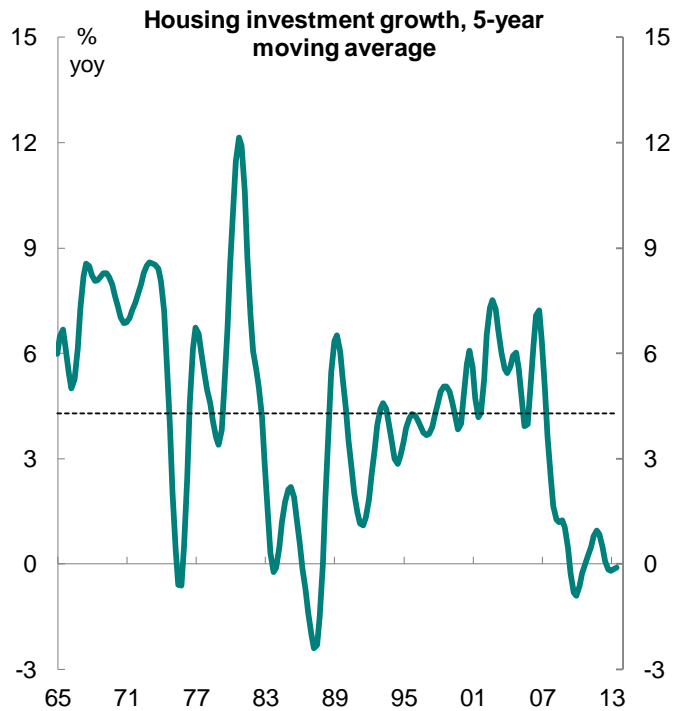


# Australian business sentiment



Source: ABS, Datastream and Deutsche Bank

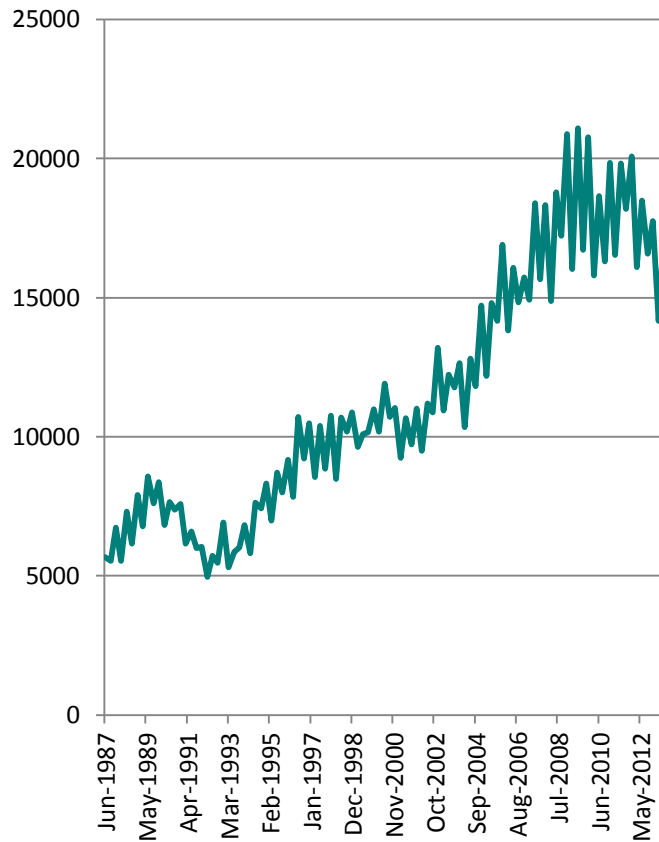
# Australian housing market



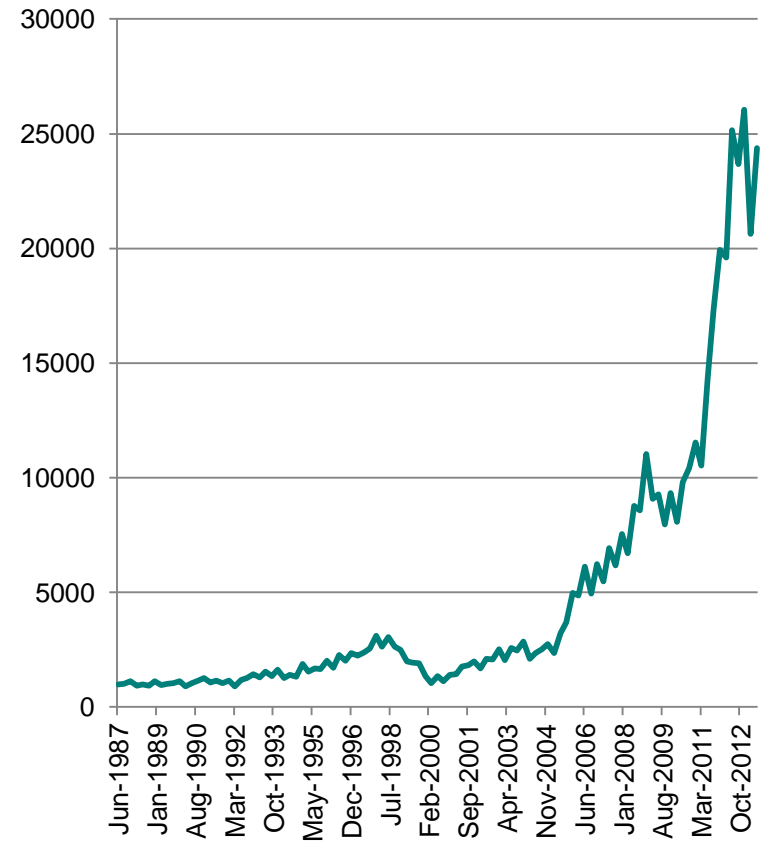
Source: ABS, Datastream and Deutsche Bank

# Australian capital expenditure (\$M, Qtly)

## Non-Mining Capex



## Mining Capex



# Australian Oil & Gas Construction Projects



# Strategy review

## What we said in June 2012

Continue to focus on leveraging the strengths of our existing business and opportunities in the Australian market.

Continue customer led strategy in targeted Asian markets.

Vigorously pursue organic growth and productivity improvements in Toll Global Forwarding. Continue pursuit of value adding bolt-on acquisitions.

Complete review of underperforming Japanese and Marine Asia businesses.

Continue to drive value from One Toll initiative.

## June 2013 update

Minimal spend on acquisitions. Key investments in fleet, property and IT to improve productivity and competitiveness. Focus on new contract wins.

Lower revenue in Asia but improved profitability and returns.

Project Forward launched to reduce costs by \$15-20 million in 2014. No further M&A until returns improve.

Marine Asia business restructured with significant fleet reduction. Japan focused on operating efficiencies and potential for alliances.

One Toll sales initiatives generated in excess of \$100 million in additional revenue in Australia. Group procurement initiatives delivering to the bottom line.



# Outlook comments from 2013 AGM

- Q1 in line with expectations
- Softness in mining and discretionary retail
- Markets remain highly competitive
- Underlying 2014 EBIT to be ahead of prior year
  - Christmas period critical
  - Good progress on productivity and cost reductions
- Highly leveraged to economic improvement
- Benefit of return on capital focus

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**Thank you**

**Toll Holdings Limited  
Morgan Stanley Conference November 2013**