



*" I don't care a damn for your loyal service when you think I am right;
when I really want it most is when you think I am wrong "* Lt General Sir John Monash

The Blenheim Report: Logistics Sector – May 2015



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Logistics Sector Overview

Logistics is an end-to-end supply chain process, and logistics management is the part of supply chain management that plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption. The most recent statistics for the Australian industry¹ reveal that in 2011-2012, the domestic freight task totalled almost 600 billion tonne kilometres², which equates to approximately 26,000 tonne kilometres of freight moved for every Australian. Domestic freight share is as follows: 49% rail transport, with iron ore and coal exports 80% of this; road freight approximately 35%; coastal sea freight 17%; and air freight less than 0.01% of total freight by weight.

Total domestic freight is projected to grow 80% between 2010 and 2030, with strong growth in domestic movements of bulk commodity exports, mostly iron ore and coal, and growth in the road freight task. By 2030 the projections based on 2010 figures are that total container movements through ports will be ~2.5 times that of 2010; the total national road freight task will be more than 1.8 times; and the total national rail freight task will be more than 1.9 times, predominantly due to continued growth in iron ore exports. Domestic coastal shipping is projected to grow only 15% but this is highly dependent on growth in other coastal freight offsetting the ongoing decline in domestic coastal petroleum and iron ore movements. Domestic freight task growth is based on GDP and domestic population growth, and growth in Asia which will boost demand for Australian commodities. The industry recognises a number of long term challenges may influence this domestic freight growth, including volatility in oil and iron ore prices, changing climactic conditions, community concern regarding the environmental impact of the industry, Australia's increasing population which will contribute to an increase in passenger vehicles on the roads, and global economic conditions impacting on the local economy.

The industry, via the Australian Logistics Council, estimates that in 2013 freight logistics represented 8.6% of Australia's GDP, directly contributed \$131.6 billion to the economy, employed ~1.2 million people and provided critical services to three of the top four industries in Australia by value – mining 9.6%, construction 7.4% and manufacturing 7.4%³. It also estimated that an increase of 1% of logistics total factor productivity would contribute an extra \$2 billion to GDP.

Technology & Innovation

Innovation in technology in the Australian logistics industry is being driven by the growth in freight volumes and increased demand by the customer for rapid order fulfilment. Businesses are responding to the pressure to meet tighter timelines, as well as having to maintain customer service levels, improve operational efficiency and reduce costs, by harnessing the wide-scale use of technology. Robotics, automation, wireless sensor networks, intelligent objects, smart packages and mobile devices are being used industry wide to deliver the required business innovation. "The use of technology is improving visibility and control of supply chains. It is supporting better forecasting and delivering organisation-level productivity growth by optimising capacity utilisation, reducing risk, improving the customer experience, and creating new business that can respond to demand and capacity fluctuations⁴".

¹ http://www.bitre.gov.au/publications/2014/files/Freightline_01.pdf

² One tonne kilometer is equivalent to one tonne moved one kilometer.

³ <http://austlogistics.com.au/wp-content/uploads/2014/07/Economic-Significance-of-the-Australian-Logistics-Industry-FINAL.pdf>

⁴ http://tlisc.org.au/wp-content/uploads/TLISC_134_E-Scan_lores_singlepages_FA.pdf

Outlined here are examples of the types of technology being utilised by the logistics sector, a brief description, the impact of these technologies as well as some specific instances in which these technologies are being used.

- Automation:
 - Technology such as systems that enable accurate high speed sorting and transportation of goods.
 - Speeds up a highly repetitive workflow processes, eliminating the opportunity for human error, reducing labour costs and improving efficiency.
 - Examples include sortation conveyor systems, self-learning systems and intelligent grids, intelligent objects, smart packages and load units, automated connection between order fulfilment and distribution point, and automated pickup and drop-off points.
- Robotics:
 - Autonomous transport robots including cellular transport systems, self-steering vehicles and unmanned ground and aerial vehicles.
 - Resulting in a reduction of traffic, risks, accidents, congestion and pollution, an increase in reliability and elimination of human error, increase in operational productivity, and an overall logistics network expansion and enhancement.
 - Examples of this technology include pick and place robots, driverless vehicles (eg. mining trucks), and automated straddle cranes that transport shipping containers between vessel, truck and rail operations.
- Big Data:
 - Information from multiple sources such as transactions, social media, enterprise content, sensors and mobile devices; data is leveraged by organisations to adapt their services and products to better meet customer needs and optimise operations.
 - The impact of these technologies include improved freight operations efficiency, enhanced capacity and asset utilisation, the adjustment and synchronisation of transport schedules, a reduced risk of supply chain disruption as well as enhanced customer service and value-added service enablement.
 - Examples include real-time tracking services, real-time order management, real-time inventory services, and real-time tracing of intelligent logistics objects.

Additional innovations in the industry include the trend towards purpose built 'super hubs' near transport distribution corridors to capitalise on the benefits of existing, efficient transport routes. For example, Qube are partnering with Aurizon to develop the Moorebank inland terminal, strategically located in South Western Sydney on the dedicated rail freight line and at the junction of the M5 and M7 motorways. Once completed this 83 hectare site is expected to be the largest inland rail terminal in Australia and will contain related logistics services such as high specification warehousing, distribution, customs and quarantine processing onsite.

TOLL HOLDINGS LTD (NOW WHOLLY OWNED BY JAPAN POST 28 MAY 2015)

Market cap: N/A | **Employees:** ~40,000 | **Operations:** Asia Pacific, Africa, Middle East, Americas, Europe | **Head office:** Melbourne, VIC

Toll Holdings Ltd is an integrated logistics company, operating a set of global supply chain capabilities over a network of 1,200 sites with a global reach to over 50 countries. The principle activities include domestic and international freight and distribution, freight forwarding by rail, road, sea and air, warehousing, storage and distribution, end-to-end supply chain management as well as business logistics solutions.

Acquisition by Japan Post finalised 28 May 2015

On 18 February 2015 it was announced that Japan Post had entered into a Scheme Implementation Deed to acquire all Toll shares, and the Toll Board recommended shareholders vote in favour of the Scheme. On 13 May the majority of shareholders voted in favour, and on 28 May 2015 Toll formally became a division of Japan Post.

History

Albert Toll founded the business in Newcastle in 1888 hauling coal by horse and cart. By 1958 he had built the transport company to be a fleet of trucks operating in five locations, and in 1959 after Albert's death National Minerals purchased the business. It then became part of mining conglomerate Peko Wallsend which used Toll for all of its transport needs and through which Toll became a national carrier. It was renamed Toll-Chadwick and began to expand into containerised shipping and integrate its businesses, and by mid-1980 it had become one of Australia's largest transporters outside the capital cities. Toll was purchased by its management team, led by MD Paul Little and its first Chairman Peter Rowsthorn, in 1986, and in 1993 Toll was listed on the ASX sparking its significant growth and expansion.

Services & Capabilities

- **Services:** Document, Parcel & Courier Services – international & domestic; Warehouse Logistics – from the build through to the operations; Remote & Resource Logistics – in some of the most challenging locations in the world; Consultancy & Project Services – supply chain & engineering consultancy and project services; Freight Services – including freight transport, cash logistics, heavy haulage & bulk freight, specialised & dedicated services; Aviation, Maritime & Fleet Services – airport, aircraft, port, vessel & vehicle services; Business Support.
- **Capabilities:** Fleet – air, sea, rail & road vehicles & vessels; Warehousing & Storage – storage solutions backed by technologies for improved supply chain efficiencies; Technology – commitment to continuous improvement to enhance services & streamline operations; Global Reach – Asia Pacific focus with operations in key locations around the world offering a global reach; Expertise – 120 years in business; Innovation – in house R&D teams finding new ways of improving technology, fleet, facilities & systems to enhance logistics offering; also Safety and Security.

Operating Divisions

- **Toll Global Express:** network of operations & agencies across Asia Pacific offering express freight solutions globally; broad range of business logistics solutions including cash logistics services, data & document management, recruitment services, distribution services including pick/pack/delivery, aircraft & airport services including ground & cargo handling as well as passenger services and aircraft charter; brands include Toll Fast, Toll IPEC, Toll Priority, Toll People.
- **Toll Global Forwarding:** services include airfreight, sea-air, ocean freight, supply chain services (management of vendors, cargo & purchase orders; and logistics services including warehousing, distribution, transload & cross dock), customs brokerage, project services.

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- Toll Global Logistics: specialist contract logistics division providing broad range of transport, warehousing and value-added services throughout Asia Pacific; brands include Toll Global Logistics – Automotive, Toll Global Logistics – Contract Logistics, Toll Global Logistics – Customised Solutions.
- Toll Resources & Government Logistics: industries include oil & gas, mining & resources and government & defence; provide specialist logistics services with a global supply chain network, able to provide tailored end-to-end solutions; services include onshore & offshore logistics solutions (oil & gas), supply chain services, port services, vessel services (including chartering, husbandry, marine engineering), base & camp support services (for mobile, temporary & permanent camps), helicopter services (including aeromedical evacuation, search & rescue, passenger transfers), contingency & emergency response, relocation management services; businesses include Toll Energy, Toll Liquids, Toll Marine Logistics, Toll Mining Services, Toll Offshore Petroleum Services, Toll Remote Logistics, Toll Transitions.
- Toll Domestic Forwarding: Toll Express – Australia’s largest express pallet carrier; Toll Intermodal – most extensive domestic freight forwarding coverage in Australia providing end-to-end intermodal road & sea service; Toll New Zealand – NZs largest transport & logistics company, services include nationwide rail, road & sea multimodal transport services, complete logistics solutions, vehicle transportation, office & household relocations; Toll NQX – national consolidated & straightline transport & supply chain solutions, particular expertise in mining, metal & resources sectors in Queensland & NT; Toll Shipping – roll on/roll off vessels on Bass Strait, comprehensive two-way shipping between Tasmania and mainland Australia 6 days per week; Toll Tasmania – largest freight forwarder to and from Tasmania.

Strategy

At Toll’s 2014 Investor Day, the following Strategy Overview was presented: To extend Toll’s position as Australasian market leader in the provision of integrated transportation and logistics services to a diverse range of customer segments and to selectively build industry market share and value in compatible international markets:

- Australasia: enhance integrated transportation & logistics offering by optimising a broad range of individual services and integrated solutions to maximise customer value.
- International Markets: deep regional Asia-Pacific presence with global connectivity will continue to be a focus – source of long term growth potential; prioritise growth of share and presence in key, existing Toll offshore markets, while remaining sufficiently agile to pursue new geographies if compatible and compelling business opportunities arise.

Technology

- Toll’s technology capabilities are utilised throughout their delivery, warehousing and consultancy operations, ranging from track and trace, to radio frequency identification as well as inventory management software.
- In addition, Toll is using technology to pursue synergies throughout the Group:
 - \$250m spend per year (capex and opex).
 - Shift technology investment from a ‘keeping the lights on’ mentality to differentiating solutions.
 - Modernise platforms to take advantage of investment from third party vendors.
 - Large cost reductions from move to cloud based offerings.
- In the ASX announcement accompanying Toll’s 2015 Interim Results, Group MD Brian Kruger stated: “The Toll Global Technology Transformation, the next stage of Toll’s IT strategy, will drive significant efficiencies throughout the company, reduce IT operating costs and provide Toll with a leading edge platform to support its growth.”

Source: <http://www.tollgroup.com/our-company>
<http://www.tollgroup.com/asx-announcement/investor-briefing-presentation-2014>
<http://www.tollgroup.com/asx-announcemet/toll-group-2015-interim-results>

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HALF YEAR ENDED 31 DECEMBER 2014 RESULTS (as announced 18 February 2015, prior to the Japan Post takeover)

A\$m	1H15	1H14	Change	Comments
Revenue	4,407.3	4,523.2	(2.6)%	<ul style="list-style-type: none"> • 1st qtr weaker than expected; there was an improving trend in 2nd qtr which had operating earnings ahead of pcp. • Aggressive pursuit of structural costs and portfolio alignment providing momentum for full year. • Improvements continue to be seen in Toll Global Forwarding and Toll Global Express Japan. • Market conditions have been weaker than anticipated impacting Australian network businesses. • Overall revenue impacted by prior period contract completions and LNG project wind downs. • Reported result includes a net \$33.6m charge for previously announced asset impairments and business divestments. • The impact of the resources slowdown was particularly evident in QLD where lower volumes from resources customers impacted Toll Domestic Forwarding. Toll Global Express saw stable consignment weights compared with the 2HFY14, but they were still down period on period impacting margins. The focus for both network Divisions is on reducing structural cost bases and continuing to invest in fleet and depots, both to address the current earnings pressures, and also to ensure growth in earnings and returns into the future. • Toll Resources & Government Logistics was impacted by the winding down of LNG construction projects, and continue to be challenged by difficult trading conditions in the domestic and Asian marine markets. This led to the decision announced in November 2014 to exit Toll Marine Logistics Asia and dispose of all remaining assets and to sell the Toll Marine Logistics Northern Australia marine freight business. • Toll Global Logistics' Australian businesses produced another strong performance supported by contract wins, increased customer scope and improved efficiencies, while it further improved results from its Asian activities through continued progress on cost reductions. • Earnings from Toll Global Forwarding improved as benefits from its cost savings programs offset the impact of continuing difficult conditions in many of its key markets. <p>Outlook:</p> <ul style="list-style-type: none"> • “We don’t expect the domestic economy to pick up anytime soon, so we will continue our focus on the areas under our control. This includes portfolio rationalisation, reducing fixed costs, continuing capital investment to support cost efficiencies and future growth, and providing innovative and superior service to our customers. We have many cost-out programs that will support earnings, and we also expect to drive improved returns from the capital we have been investing in the business to provide a strong platform for future growth.” • “Assuming no further deterioration in the external environment, with cost savings, efficiency gains and recent contract wins, we still expect to deliver higher underlying operating earnings in FY15.”
EBITDA	377.5	390.5	(3.3)%	
EBIT	248.8	259.3	(4.0)%	
NPAT	170.2	175.9	(3.2)%	
Free cash flow	30.4	154.0	(80.3)%	
EPS	23.6	24.2	(0.6cps)	
Interim Dividend	13.0	13.0	0	
<p><i>EBIT & NPAT are before individually significant items.</i></p> <p><i>Free cash flow is EBITDA plus movements in working capital, less net capex.</i></p> <p><i>EPS is before PPA and individually significant items.</i></p>				

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GROUP SENIOR EXECUTIVE TEAM				
Name	Title	Background	Location	Comments
<p>Brian Kruger</p> 	<p>Managing Director (Jan2012-Present)</p>	<p>Brian Kruger commenced as MD of Toll Holdings on 1 January 2012, and is a Member of the Nomination and Corporate Governance Committee. Previously he spent two years as CFO, and was a member of the Toll Group senior executive.</p> <p>Prior to joining Toll, Brian had a career spanning more than 25 years in the resources and industrial sectors in Australia and the US, initially with BHP and later with its offshoot, BlueScope Steel. Having joined BHP after graduating, Brian took up finance and operational roles including leading BHP Steel into the US as VP Finance for North Star BHP, a \$500m steel mill project in Delta, Ohio. In 1998, he moved into BHP's corporate finance team where he led a number of significant transactions including the demerger of OneSteel from BHP. In 2002, he was appointed the inaugural CFO for BlueScope Steel where he established the finance function for the newly listed company.</p> <p>In 2005, Brian took on the senior operational role of President, Australian Manufacturing Markets for BlueScope during which time he had P&L accountability for a business with \$3bn revenue, 3,000 employees and \$1.1bn of net assets. Brian's final appointment at BlueScope was President, North America, Corporate Strategy & Innovation. This saw him take on P&L accountability for a business with US\$2bn in revenue, 5,000 employees and US\$1.1bn of net assets.</p> <p>Between 2008 and 2009, Brian had exposure to the private equity sector while a partner at Greenstone Partners. His role included directorships of a number of private equity owned companies across a range of market sectors.</p> <p>Brian is on the board of the Moonee Valley Racing Club.</p> <p>Education – BEc, Monash University</p>	<p>Melbourne</p>	<p style="color: red;">Under the takeover arrangement with Japan Post, MD Brian Kruger will remain with the Group.</p>

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<p>David Jackson</p> 	<p>Chief Executive Officer, Toll Resources & Government Logistics</p>	<p>David is currently CEO of the Toll Resources & Government Logistics Division.</p>	<p>Melbourne</p>	
<p>Chris Pearce</p> 	<p>Divisional Director, Toll Global Logistics (Jul2014-Present)</p>	<p>Chris was appointed Divisional Director of Toll Global Logistics in July 2014. He has been with Toll since joining as GM of Toll Contract Logistics in June 2005. Prior to his current role he was Divisional GM for Toll Customised Solutions for almost six years, where he led the in2store and Toll Chemicals businesses.</p> <p>Previously he spent seven years with PepsiCo Australia & New Zealand as South Region Operations and Supply Chain Manager, and before that was Northern Region Operations Manager for Frito-Lay Australia.</p> <p>Education – MBus, Macquarie Graduate School of Management; Bachelor's, IndEng, Syd Tech</p>	<p>Singapore</p>	
<p>Paul Coutts</p> 	<p>Chief Executive Officer, Toll Global Forwarding (Feb2013-Present)</p>	<p>Paul was appointed CEO of Toll Global Forwarding in February 2013, and is responsible for the division on a global basis. He is a senior executive with 35 years' experience in the logistics industry and has held Board level roles in areas of operations, marketing and sales, and as a CEO/MD.</p> <p>Previously he was Group Products, Marketing & Sales Director for the division, responsible for the development of Group Strategy for all marketing and sales, as well as the development of strategy for the operating network to satisfy new products and services as part of the overall global expansion plan. Prior to that he was MD Marketing & Sales Europe for Deutsche Post World Net, where he designed and executed a new Global Account Management strategy and was responsible for the revenue and market-share growth of the DHL Express Business in Europe. Earlier roles included CEO of the International Mail Division of Deutsche</p>	<p>Hong Kong</p>	

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		<p>Post in Europe, MD UK of DHL Global Forwarding, and MD of TNT Domestic and International Express.</p> <p>Education – ExecMgmtPrograms, Stanford University Graduate School of Business, USA, Wharton University Pennsylvania, USA, London Business School of Economics, UK</p>		
<p>Shane O’Neill</p> 	<p>Divisional Director, Toll Global Express (Jan2010-Present)</p>	<p>Shane was appointed Divisional Director of Toll Global Express in January 2010. Prior to that he was Divisional Commercial Manager for Toll Australia.</p> <p>Prior to that he was CFO of The Farmshed, and before that Manager Financial Planning & Analysis for Sony Music Australia. Earlier roles have included time in Belgium where he was Corporate Controller for Oriflame and Senior Auditor at KPMG. Before that he was an auditor with KPMG in Ireland.</p> <p>Education – Bachelor’s, MaterialsSci(Hons), Trinity College, Dublin, Ireland; FCA, Ireland</p>	Sydney	
<p>Mal Grimmond</p>	<p>Divisional Director, Toll Domestic Forwarding (Jul2014-Present)</p>	<p>Mal was appointed to his current role in July 2014. Prior roles with Toll have included Divisional Director of Toll Specialised & Domestic Freight, CFO and before that Acting CFO, and Director of Business Solutions & CIO.</p> <p>Prior to the CIO role he worked for four years in the role of CFO for Pacific National, responsible for the integration of the financial and IT functions following the purchase of the National Rail and Freightcorp business. Prior to this he was Divisional Financial Controller for Toll Logistics for six years and was involved in many of the acquisitions and integrations carried out by Toll.</p>	Melbourne	<p>New role as a result of reduction of divisional reporting structure from six divisions to five.</p>

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<p>Grant Devonport</p>	<p>Chief Financial Officer (Nov2011-Present)</p>	<p>Grant was appointed CFO in November 2011, having been Acting CFO since September 2011.</p> <p>In a career spanning more than 25 years, Grant has worked in senior roles in the UK and Europe as well as in Asia. Before taking on the Acting CFO role he was the Divisional Commercial Manager for the Toll Global Resources Division, which operates in Australia, Asia and Africa. In that role he was involved in the development of the Toll Offshore Petroleum Services supply base in Singapore; the acquisition of Mitchell Corporation to add to Toll’s specialist resources business in Western Australia; and the contract wins in the LNG sector in eastern Australia. Prior to that, he spent two years as the CFO for Toll New Zealand where he was involved in the sale process of the rail business.</p> <p>He has experience across the range of finance, commercial, governance, strategy and business leadership responsibilities through his time with Toll and also as an executive at Village Roadshow and National Australia Bank.</p>	<p>Melbourne</p>	<p>11th June 2015: Myer Ltd has announced Grant has been appointed their new CFO.</p>
<p>Bernard McInerney</p>	<p>Company Secretary (Apr1994-Present)</p>	<p>Bernard has held the position of Company Secretary since April 1994. He has over 30 years’ experience in the transport sector with extensive experience in merger and acquisitions, accounting and financial management.</p> <p>Former roles and responsibilities include Director of Virgin Blue Holdings Ltd, Group Financial Controller of Chalmers, and various management roles within Mayne Nickless Ltd.</p> <p>Education – BBus(Acc); AICS; CPA; AICD</p>	<p>Melbourne</p>	

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<p>Damain Bishop</p> 	<p>Group Director, Business Development (Apr2012-Present)</p>	<p>Damain commenced his current role in April 2012. He joined Toll as National Sales Manager of Toll Fast in 2003 and was appointed National BD Manager in 2005. After three years he was appointed GM of Group BD before assuming his current role in 2012.</p> <p>Prior to Toll he was GM Sales and before that Regional Manager of Victoria & Tasmania at Ansett, and earlier held a number of sales and operational management roles with TNT Express over ten years.</p> <p>Education – RMIT University</p>	<p>Melbourne</p>	
<p>Andrew Ethell</p> 	<p>Group Director, Corporate Affairs (Aug2007-Present)</p>	<p>Andrew was appointed Group Director of Toll’s Corporate Affairs in August 2007, and reports directly to the Group MD.</p> <p>Immediately prior he held a number of senior adviser appointments with the Office of the Deputy Prime Minister, Minister for Trade and Minister for Transport.</p> <p>Education – University of Sydney</p>	<p>Melbourne</p>	
<p>Lesley Staples</p>	<p>Group Director, Human Resources (Aug2008-Present)</p>	<p>Lesley has been Toll’s Group HR Director since August 2008, having previously been HR Director. Previously, she was HR Director Australia & New Zealand with Cadbury Schweppes.</p>	<p>Melbourne</p>	
<p>Avi Gilboa</p>	<p>Group Director, Strategy and M&A (2012-Present)</p>	<p>Avi joined Toll in his current role in 2012. He has domestic and international experience in direct investment, M&A advisory, equity and debt capital raisings and structured transactions in a variety of industries including retail, industrial and manufacturing.</p> <p>He was most recently Australia/New Zealand MD of Uitas Capital, formerly JP Morgan Partners Asia, for seven years. Prior to that he was MD of Georgica Associates, Principal at JP Morgan Partners, and earlier had been VP of JP Morgan & Co in Melbourne, London and New York.</p> <p>Education – BCom(Hons) (Actuarial&Fin), University of Melbourne</p>	<p>Melbourne</p>	

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OTHER KEY PERSONNEL				
Name	Title	Background	Location	Comments
<p>John Ansley</p> 	<p>Global Chief Information Officer (Apr2014-Present)</p>	<p>John commenced his current role in April 2014 and is responsible for Toll's global technology strategy, roadmap and delivery.</p> <p>His experience has been gained in a diverse range of industries, and includes CIO roles, strategic planning, international ICT operations, project direction, sales of services and products, outsourcing and facilities management, business process development/re-engineering and customer relationship management.</p> <p>He was until recently the Australian Chairman of the SAP CIO Executive Council. This organisation aims to drive thought leadership within the SAP ecosystem, provide local members with global knowledge, deepen knowledge sharing and networking opportunities, and assist in the evolution and growth of the user group.</p> <p>He was formerly CIO & President of Supply Chain Solutions at Linfox, responsible for the team that developed highly specialised solutions for customers, supported the business development activities of the Group, and engaged in identifying new operating efficiencies. As well as being accountable for the SAP environment and the warehouse, transport and in-house management systems, he was also responsible for all large capital projects for the construction of new sites between 2009 and mid-2012. As CIO for Rio Tinto Iron Ore between 2002 and 2005, he developed an IS&T strategic planning methodology and worked as the Americas IS&T Regional Head. He has also held roles with Roche, EMS, SAP, BHP and Mincom.</p> <p>Education – MBA, Australian Institute of Business; Leadership Programs, Melbourne Business School, IMD & London Business School, UK</p>	<p>Melbourne</p>	

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<p>Paddy Cunningham</p>	<p>Group Finance Manager (Jun2013-Present)</p>	<p>Paddy commenced in his current role in June 2013.</p> <p>He was previously Statutory & Financial Reporting Manager at Visy Industries, and before that was with National Australia Bank. Earlier roles have included Financial Accountant at TMP Worldwide, Insurance Underwriter with Dexta Corporation and Finance Manager Bank of Ireland.</p> <p>Education – BA(Acc&Fin), Athlone Institute of Technology, Ireland; DipAcc&Fin, Institute of Technology Carlow, Ireland</p>	<p>Melbourne</p>	
<p>Salim Shamsuddin</p> 	<p>Head of IT Strategy & Architecture (Jun2014-Present)</p>	<p>Salim was appointed to his current role in June 2014 and is responsible for IT strategy and planning, enterprise and solution architecture, and IT security and risks.</p> <p>Previously he was Toll Group’s eBusiness Service Manager acting as service owner of eCommerce, Integration and Internet/Intranet services for the Group. Prior to that he was Technical Delivery Manager for Toll Solutions, and before that IT Architect for Toll Solutions. Before joining Toll in 2002 he was a Consultant at Logical Technologies, Software Engineer at ITIM Associates and initially Application Developer at MARIT Consultants.</p> <p>Education – BE(Hons) (CompSys), RMIT University; BCom, Karachi University, Pakistan</p>	<p>Melbourne</p>	
<p>Christopher Whitefield</p> 	<p>Group Manager, Media & Research (Jan2012-Present)</p>	<p>Christopher joined Toll in his current role in January 2012, and is charged with promoting the Group’s corporate reputation and managing its reputational risk.</p> <p>He has held corporate affairs roles with government including time as Communications Officer with the Australian Government Department of Human Services, and the private sector, including as company spokesman for Metro Trains Melbourne and V/Line.</p> <p>Education – DipIR, Australasian Investor Relations Association; MBus(Mktg), RMIT University; BCom(PR&Mktg), Deakin University</p>	<p>Melbourne</p>	

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<p>Tony Wilks</p> 	<p>Group General Manager, Industrial Relations (Dec2012-Present)</p>	<p>Tony was appointed to his current role in December 2012 and is responsible for the strategic management of group wide industrial relations. He is also currently MD of Tony Wilks & Associates, undertaking independent mediation and strategic HR/IR assignments including Enterprise Bargaining disputes.</p> <p>Before joining Toll he was GM IR & Corporate Affairs at Svitzer, a global safety and support provider to the maritime industry. He led the strategic management of IR, government and industry liaison, acted as representative on a range of government and industry bodies, and was a member of the Svitzer Australia Leadership team. Prior to that he was Svitzer’s GM HR. Before joining Svitzer in 2001 he was a Commissioner at Australian Industrial Relations Commission and before that General Secretary of the CFMEU Mining & Energy division.</p>	<p>Melbourne</p>	
<p>Geoff Terrill</p> 	<p>Group General Manager, Continuous Improvement (Oct2014-Present)</p>	<p>Geoff was appointed to his current role on joining Toll in October 2014. He possesses experience in supply chain, logistics and transportation gained in leadership and executive roles in both union and non-union environments.</p> <p>Previously he was Director of Logistics, Distribution & Transportation at PepsiCo Foods Canada, responsible for warehousing, transportation, customer service, and organisational capability, including leadership training and development. Before that he was Director of Supply Chain leading seven distribution centres, the PepsiCo Canada sales fleet, bin facilities and also organisational capability. Prior to PepsiCo he was National Logistics Manager at Ecolab in Canada.</p> <p>Education – BEc & BCom(Hons), The Royal Military College of Canada, Canada</p>	<p>Melbourne</p>	

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<p>Ian Girvan</p> 	<p>Group Manager, Procurement (Oct2010-Present)</p>	<p>Appointed as Group Manager Procurement in October 2010, Ian is responsible for the development of a global Group Procurement Strategy, development and execution of category specific strategies, sourcing of key categories, management of key supplier relationships, and the development and management of Group wide policies to support procurement activities.</p> <p>Previously he was Group Manager Supply – Travel, responsible for all global travel contracts and relationships, for BHP Billiton. Before that he was Procurement Category Manager People at National Australia Bank, responsible for the sourcing and management of the People Category which included recruitment and psych testing, as well as providing support to the travel category. Earlier roles have included Business Development Manager at Systems and People (a SAP Service Provider), Senior Manager through to Senior Consultant with Deloitte Consulting, and initially Analyst Programmer at Philip Morris International.</p> <p>Education – BBus(HR), Deakin University</p>	<p>Melbourne</p>	
<p>Martin Dunne</p>	<p>Group General Manager, IT Infrastructure & Operations</p>	<p>Martin is currently Toll’s Group GM IT Infrastructure & Operations.</p>	<p>Melbourne</p>	
<p>Jason Holandsjo</p> 	<p>Group Compliance Manager (Aug2011-Present)</p>	<p>Jason joined Toll as Group Compliance Manager in August 2011.</p> <p>Prior to that he was Manager of Operations & Product with UniSuper. Before that he was with Australian Unity between 2006 and 2009, initially has Head of Legal & Compliance and before that Head of Operations for Personal Financial Services. Earlier he was a lawyer with APRA, Hall & Wilcox, and from 2000 to 2003 with ASIC.</p> <p>Education – BA & LLB, Deakin University</p>	<p>Melbourne</p>	

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<p>Brett Curtis</p>	<p>Group General Manager, Health, Safety & Environment (Jul2014-Present)</p>	<p>Brett commenced as Group GM HSE in July 2014. Prior to that he was GM of Toll Intermodal for just over four years.</p>	<p>Melbourne</p>	
<p>David Shirer</p>	<p>Group General Manager, Investor Relations (Oct2010-Present)</p>	<p>David joined Toll as Group GM Investor Relations in October 2010.</p> <p>Prior to that he was with PaperlinX for just over ten years as EGM Corporate Affairs. He was previously in New Zealand with Ord Minnett Securities as an Equities Analyst, and before that he was an Investor Relations Executive with Fletcher Challenge Ltd.</p> <p>Education – DipBus(Fin), University of Auckland, NZ; BSc, Victoria University of Wellington, New Zealand</p>	<p>Melbourne</p>	
<p>Richard Wilson</p>	<p>Group General Manager, Business Assurance & Risk (Feb2003-Present)</p>	<p>Richard commenced his current role in February 2003, and leads the group business assurance, internal audit, risk and insurance functions.</p> <p>Education – BCom, University of Tasmania</p>	<p>Melbourne</p>	
<p>Nick Prescott</p> 	<p>Group General Manager, Environment & Energy (Sep2009-Present)</p>	<p>Nick joined Toll in his current role in September 2009.</p> <p>Prior to this he spent eleven years as Director with the Manufacturing Excellence Taskforce of Australia, where he was a principal consultant working for a range of blue chip firms in marketing strategy, sustainable supply chain management and change management. Previous roles have included GM with PGA working in marketing and business development, Group Marketing & Strategy Manager at RACV, Associate Director at VIPAC Engineer & Scientists, Scientist with the EPA, and Research Officer with CSIRO working on climate change research and baseline air pollution.</p> <p>Education – POW Sustainability, University of Cambridge, UK; MBA(StrategicMktg), Monash University; BSc(Hons) (EnvStudies), University of Tasmania</p>	<p>Melbourne</p>	

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<p>Bruno Galgano</p> 	<p>Group General Manager, Taxation (Sep2002-Present)</p>	<p>Bruno joined Toll in his current role in September 2002 and oversees a global tax team of 15 tax professionals across five jurisdictions (regional hubs in Singapore and Hong Kong), ensuring the global team are aligned in terms of tax strategy, objectives and priorities, and continue to provide proactive and value add tax support to all Toll businesses. He reports directly to the Group CFO.</p> <p>Previously he was with KPMG for almost eleven years. Education – BCom, University of Melbourne; CA</p>	<p>Melbourne</p>	
<p>Todd Williams</p> 	<p>Group Treasurer (2009-Present)</p>	<p>Todd has been with Toll in his current role since 2009.</p> <p>Previously he was Regional Treasurer for Asia Pacific at Hospira, and before that was Asia Pacific Regional Treasurer for Mars for five years. Earlier roles have included roles in Capital Markets Advisory at Deloitte, FX Derivatives at Barclays in the UK, and Financial Markets with Westpac.</p>	<p>Melbourne</p>	
<p>Ray Coury</p>	<p>Head of Business Engagement (Jan2011-Present)</p>	<p>Ray commenced his current role in January 2011 and acts as the primary interface between all of Toll’s global businesses and Group IT. Before that he was Group GM Applications & Solutions, responsible for all enterprise systems development, support and Supply Chain Consulting. His initial role with Toll was GM IT for Toll Australia Group where he acted as the overarching governance and business interface for IT activities in 20+ Australian and New Zealand businesses.</p> <p>Before joining Toll in 2007, he was GM Corporate IT at P&O Ports, and prior to that GM IT Australia/New Zealand, responsible for all IT activities across P&O’s Australian Container Terminals. Earlier roles have included Senior Systems Engineer at Atlas Elektronik in both Sydney and Germany, and Systems Engineer with BHP having joined as an undergraduate trainee.</p> <p>Education – BMaths(CompSci), University of Wollongong</p>	<p>Sydney</p>	

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<p>Luke Condon</p> 	<p>Head of Toll Consumer Delivery (Feb2014-Present)</p>	<p>Luke joined Toll to lead consumer delivery in February 2014. As part of the senior leadership team within Toll Global Express he delivers and executes the strategy for Toll’s B2C product offering. Working in a matrix environment across multiple business units and disciplines, this role provides general management support to the team and those in other businesses focusing on the consumer experience, particularly on supporting the ecommerce industry.</p> <p>Prior to Toll, he was Shipping Manager at eBay in Australia, and before that he was Head of Supply Chain at Rocket Internet GmbH where he was responsible for building the supply chain and logistics solutions for the Rocket business units, including online fashion retailer theiconic.com.au, within Australia and South East Asia. Previously he was National Operations Manager at Avon Cosmetics, National DC Manager at Exego Group, National Distribution Manager at Motospecs, DC Manager at Beaver Brands, and prior to that he was with DHL for eight years.</p>	<p>Sydney</p>	
<p>Barry Warnes</p> 	<p>Head of Service Operations (Nov2010-Present)</p>	<p>Barry has been Toll’s Head of Service Operations since November 2010. Previously he was Application Services Manager, responsible for all Toll Enterprise Business Systems development and support. He joined Toll as Integration Manager in 2007.</p> <p>Earlier, he was CIO of GE Commercial Finance Fleet Services, where he had full accountability for IT services to the ANZ business including strategy, development and ongoing support. He was previously with P&O for almost fourteen years, and his roles included GM Business Systems Operations at P&O Nedlloyd in the UK, Asia Pacific Hub Manager at P&O Nedlloyd Ltd, and Systems Development Manager at P&O Containers New Zealand.</p>	<p>Sydney</p>	

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<p>Mark Pearce</p> 	<p>Head of Cloud Platforms, Office of the CIO (Aug2014-Present)</p>	<p>Mark joined the Office of the CIO as Head of Cloud Platforms in August 2014. During his career, he has led a number of projects to improve productivity while fostering teams to deliver technology innovation.</p> <p>Prior to Toll, he was End User Computing & Telecommunications Manager at Woolworths Ltd. Earlier, he was with Macquarie Group, initially as Head of End User Computing, then Global Head of Engineering Infrastructure Technical Services, and finally Enterprise Architect Infrastructure Technical Services.</p> <p>Education – BE(Elec), University of Wollongong; AppFin&Ec, Finsia</p>	<p>Sydney</p>	
<p>Brett Johnson</p> 	<p>Head of Finance Operations (Apr2015-Present)</p>	<p>Brett commenced his current role in April 2015. Prior to that he consulted to the Resources & Government Logistics division for two years.</p> <p>He was previously Group Finance Manager at Queensland Rail, providing financial, commercial and project management leadership, governance, advice and support to QR’s capital and operational project portfolio. Before that he was again with Toll in the role of Business Process Improvement Manager. Earlier roles have included Consultant with SMS Management & Technology, GM Operations with Telecom New Zealand, Group Finance Manager with Mobil Oil in the UK and Management Accountant with NatWest Bank in the UK.</p> <p>Education – BBus(Acc), Queensland University of Technology; CPA</p>	<p>Brisbane</p>	
<p>Gavin Norman</p> 	<p>Head of Commercial & Program Management, Toll Customised Solutions (Jan2015-Present)</p>	<p>Gavin was appointed to lead the commercial and program management of Toll Customised Solutions in January 2015, having previously been the National IT & Innovation Manager. Before joining the Toll Customised Solutions team he was National Key Infrastructure Manager for Toll in2store and Toll Chemical Logistics, and before that Financial Controller for Toll in2store. Prior to Toll, he was Finance & Operations Manager at Shell Marine Products.</p> <p>Education – MBA, University of Southern Queensland; CPA</p>	<p>Melbourne</p>	

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Denise Carroll	Head of Safety (Nov2013-Present)	Denise joined Toll in her current role in November 2013. Prior to that she was with Shell, most recently as Behavioural Safety Manager Australia, and before that Q-HSSE Assurance & Standards Manager. Her initial role was Asia Pacific HSSE Manager for Shell Lubricants.	Melbourne	
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TOLL HOLDINGS LTD BOARD PRIOR TO JAPAN POST TAKEOVER

Name	Title	Background	Location	Comments
Ray Horsburgh, AM 	Chairman (Sep2007-Present)	<p>Since November 2004, Ray has been Independent Non-Executive Director of the Toll Group and Chairman since September 2007. He is also Chairman of Calibre Global Ltd, a diversified engineering services company delivering infrastructure, systems and support.</p> <p>Ray began work with Australian Consolidated Industries Ltd as an Engineering Cadet at the Spotswood glass plant and held a range of senior positions over 31 years including Chief Executive ACI Glass Packaging Group, responsible for operations in Australia, New Zealand, UK, Indonesia, Malaysia and China. Ray also held directorships of Nylex Malaysia, ACI Shanghai Glass and Guangdong Glass in China, and PT Kangar, Indonesia.</p> <p>In 1994 Ray joined the Smorgon Steel Group as CEO of their steel business, and was MD & CEO from 1998 to 2007. He is a former Chairman of National Can Industries Pty Ltd and former Non-Executive Director of CSR Ltd and Traffic Technologies Ltd.</p> <p>Ray is a former Chairman of the Essendon Football Club, a member of the Business Council of Australia, and past President and member of the Board for 30 years for the Westbourne and Williamstown Grammar Schools. He currently serves on the Board of the Ponting Foundation and the Bill Hutchison Foundation. In 2007, Ray's contribution to Australian business and to the community was recognised when he was made a Member of the Order of Australia.</p> <p>Education – BE(Chem); FAICD (Hon D Univ); FIEAust</p>		Ray will remain Chairman of the new Board.

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<p>Nicola Wakefield Evans</p> 	<p>Non-Executive Director (May2011-Present)</p>	<p>Nicola joined Toll in May 2011.</p> <p>Nicola was a partner of King & Wood Mallesons for 20 years and has over 29 years legal experience. She retired from the partnership in September 2013. During her time at King & Wood Mallesons, Nicola held a variety of part-time and full-time management positions including Managing Partner, Practice and Managing Partner, International (located in the Hong Kong office (50% management role)), with responsibility for the development and growth of the international practice and the Hong Kong, China and London offices of King & Wood Mallesons.</p> <p>Nicola’s principal areas of practice included M&A (takeovers, schemes of arrangement, demergers, share and business sale and acquisitions, joint ventures and private equity), capital markets (securities and public offerings, IPO’s in Hong Kong and Australia), secondary market offerings and underwriting and securities regulatory. Projects included infrastructure and resources and energy projects, and she also held corporate governance and directors duties. Nicola’s key industry areas of expertise include resources and energy, infrastructure, airports, financial services, technology and media and communications.</p> <p>In October 2012, Nicola was included in the Australian Financial Review and Westpac Group’s inaugural list of ‘Australia’s 100 Women of Influence’. She is a qualified lawyer in Australia, Hong Kong and the UK.</p> <p>Nicola currently serves as a Non-Executive Director of Macquarie Group Ltd, Lend Lease Corporation Ltd and BUPA Australia & New Zealand, and is a Member of the board of Asialink (University of Melbourne) and the Law Advisory Council of the University of New South Wales Law School. She is also a member of Chief Executive Women.</p> <p>Education – BJuris/BLaw, University of New South Wales</p>	<p>Sydney</p>	<p>Nicola will continue to serve on the new Board.</p>
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<p>Harry Boon</p> 	<p>Non-Executive Director (Nov2006-Present)</p>	<p>Harry joined the Toll Board in November 2006. He is currently Chairman of Tatts Group Ltd and Asaleo Care Ltd. He was formerly Chairman of PaperlinX Ltd, and a Director of Gale Pacific Ltd and Hastie Group Ltd.</p> <p>Harry was CEO & MD of ASX listed company Ansell Ltd until he retired in 2004, a position that capped a career spanning some 28 years with the Ansell Group. Harry has worked in senior positions, in Australia, Europe, the US and Canada, and has experience in global marketing and sales, manufacturing, and product development.</p> <p>Education – LLB(Hons) & BCom, Melbourne University</p>	<p>Melbourne</p>	<p>Harry will not serve on the new Board.</p>
<p>Barry Cusack</p> 	<p>Non-Executive Director (Oct2007-Present)</p>	<p>Barry commenced with Toll in October 2007.</p> <p>In an executive career of 40 years in the minerals industry with the Rio Tinto Group, Barry held positions of MD of Dampier Salt, Hismelt Corporation, Hamersley Iron Operations and Rio Tinto Australia and was Chairman of Rio Tinto Asia and Rio Tinto Shipping. He is former Deputy Chairman of Macmahon Holdings Ltd and a former Director and Chairman of Brockman Resources Ltd. He is also past President of the Minerals Council of Australia from 2001 to 2003.</p> <p>Education – BE(Hons); MEngSci; FTSE; FAusIMM; FAIM; FAICD</p>	<p>Perth</p>	<p>Barry will not serve on the new Board.</p>
<p>Francis Ford</p> 	<p>Non-Executive Director (Jan2008-Present)</p>	<p>Frank was appointed a Director in January 2008. He is currently a Non-Executive Director of Nufarm Ltd, Citigroup Pty Ltd and Tarrawarra Museum of Art Ltd, and is a former Non-Executive Director of Manassen Foods Group.</p> <p>Frank has over 37 years in practice with Deloitte, becoming National Managing Partner Tax Services in 2006 and was appointed to the Deloitte Global Board, Deloitte Global Governance Committee and also the Deloitte National Management Committee.</p> <p>Education – MTax, Melbourne University; BBus, RMIT University; FCA</p>	<p>Melbourne</p>	<p>Frank will not serve on the new Board.</p>

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<p>Kenneth Ryan, AM</p> 	<p>Non-Executive Director (Sep2013-Present)</p>	<p>Ken joined the Toll Board in September 2013.</p> <p>His most recent executive role was with Qantas where he held a range of senior positions including Group GM of Marketing, South East Asia Regional GM for Qantas and British Airways, and Chief Executive of Jetstar Asia.</p> <p>He currently holds board positions at Australian Grand Prix Corporation, Australian Sports Commission and the Victorian Major Events Corporation, and was formerly on the board of Ambulance Victoria and a committee member of the Singapore Australia Business Council. He was made a Member of Order of Australia in 2012 for services to the community through roles with charitable organisations supporting children and youth, and the support of tourism and sport.</p> <p>Education – BCom, Melbourne University</p>	<p>Melbourne</p>	<p>Ken will not serve on the new Board.</p>
<p>Mark Smith</p> 	<p>Non-Executive Director (Jul2007-Present)</p>	<p>Mark was appointed to the Board in July 2007.</p> <p>He has experience in the FMCG industry, including general management roles and senior marketing roles globally with Cadbury Schweppes, and senior roles including marketing with Unilever and Uncle Toby's.</p> <p>He has been a Non-Executive Director of GUD Holdings Ltd since May 2009, and Chairman of Patties Foods Ltd since April 2013. He is the former MD of Cadbury Schweppes Australia & New Zealand from 2003 to 2007, and was a Member of the Asia Pacific Regional Board. He was previously the MD of Confectionery ANZ and prior to that spent three years as Director of Marketing for Cadbury Trebor Basset in the UK. He also held senior positions in Cadbury Schweppes North American and Australian operations. Mark is the former Non-Executive Chairman of Manassen Foods Group, the former Chairman of the Confectionery Manufacturers of Australasia and former Member of the Board of the Australian Food & Grocery Council.</p> <p>Education – DipBus(Mktg), Monash University; FAMI; CPM; FAIM; FAICD</p>	<p>Melbourne</p>	<p>Mark will not serve on the new Board.</p>

25 FEBRUARY 2015

ABC News

Qantas posts \$203m half-year net profit in massive turnaround

Qantas has flown clear of its recent losses to post a first-half profit of \$203 million, boosted by cut-price fuel and continuing cost cutting. Today's result was in stark contrast to the record full-year loss of \$2.8 billion posted by Qantas for the 2013–2014 financial year, following a \$235 million half-year loss for the six months to December 2013.

Investors quickly rewarded the result, with Qantas shares jumping 6.8 per cent in early trade on the ASX. By 10:30am (AEDT) those gains had been pared to a rise of 3.9 per cent, taking Qantas stocks to \$2.92 in comparison to the record low of 95 cents they hit in December 2013.

Underlying earnings, which strip out one-off items, came in at \$367 million for the six months to December – beating market expectations of a \$350m profit.

The turnaround has been driven by cost savings from a \$2 billion transformation program, lower fuel prices, and stronger returns in Qantas' domestic and international businesses. The program aims to cut costs, freeze capacity and remove 5,000 jobs. Qantas is forecasting total benefits from the restructuring will reach \$875 million by the end of June, 16 months into the three-year program.

“The decisive factor in our best half-year result for four years was our complete focus on the Qantas transformation program,” Qantas chief executive Alan Joyce said. “Our financial position is significantly stronger because of the actions we've taken, and we are giving Qantas a solid foundation for growth in earnings.”

UBS estimates Qantas could save \$1.4 billion on its fuel bill this financial year, assuming a jet fuel price of \$US70 a barrel.

Qantas says all operating segments were profitable during the half year. The international division returned to profitability for the first time since the global financial crisis, posting underlying earnings of \$59 million, compared to a loss of \$321 million in the prior year. Domestic earnings also grew from \$57 million in the December 2013 half year to \$227 million for the six months to December 2014. Qantas said it also saved \$59 million from the removal of the carbon tax.

The airline did not provide full-year profit guidance, citing the high degree of volatility in economic conditions, fuel prices, and foreign exchange rates. However, the company said overall demand was stable, while demand was mixed in the domestic market, and market capacity was moderating both in Australia and internationally.

Despite the improved result, Qantas decided to not pay an interim dividend.

Source: <http://www.abc.net.au/news/2015-02-26/qantas-returns-to-profit-in-massive-turn-around/6263362>

24 FEBRUARY 2015

Australian Financial Review

Results Wrap

Qube Holdings said its first-half net profit rose 39 percent to \$60.3 million.

First-half underlying earnings before interest taxation depreciation and amortisation (EBITDA) rose 30.5 percent to \$129.7 million as profits rose in both its logistics and ports & bulk divisions while group revenues increased 25 percent to \$727 million. Underlying EBITDA in logistics rose 4 percent to \$32.2 million while underlying EBITDA in ports & bulk increased 40 percent to \$47.8 million.

Qube cautioned its vehicle stevedoring business, which is part of its ports & bulk division, was “below expectations” as car imports fell.

Qube reported an interim dividend of 2.7 cents per share compared to 2.4 cents a year earlier.

Source: <http://www.afr.com/markets/commodities/metals/results-wrap-reporting-season-blog-february-24-20150224-13mvui>

23 FEBRUARY 2015

Motley Fool

MMA Offshore Ltd reports strong half-year profit: Should you pick up some shares?

Offshore marine services provider MMA Offshore Ltd (ASX: MRM) had quite a strong first half in financial year 2015, resulting in revenue and net profit up 80% and 55.8%, respectively.

Despite the gains, the stock is down 3.87% in afternoon trade to \$0.99 a share. The market seems more concerned with the weaker second-half outlook, especially in light of the collapse of world oil prices and how that could affect offshore oil production in Australia and overseas. Previously, MMA Offshore roughly halved in share price since last August from around \$2 to as low as \$0.80 in January.

The company is expanding its overseas fleet numbers and the integration of its recently acquired Singapore-based subsidiary Jaya is progressing well. MMA Offshore now has vessels operating in Asia, the Middle East, Africa and Mexico.

In its Australian operations, lower oil prices are expected to impact ongoing drilling activity. The company also expects customers will be focusing on cost savings, which could tighten margins. This is similar to the mining services companies like Monadelphous Group Limited (ASX: MND) and Worleyparsons Limited (ASX: WOR), where there has been a decline of greenfield and exploration contract work within the iron ore industry.

Source: <http://www.fool.com.au/2015/02/23/mma-offshore-ltd-reports-strong-half-year-profit-should-you-pick-up-some-shares/>

19 FEBRUARY 2015

ABC News

Virgin Australia narrows half-year loss to \$53 million

Virgin Australia has narrowed its losses on increased revenue and falling fuel costs, and its low cost subsidiary Tigerair has also clawed its way closer to profitability. The airline group has posted a half-year loss of \$53.1 million, a 28.5 per cent improvement on the loss in the same period a year ago. Excluding non-controlling interests, the airline's statutory loss was \$47.8 million, down from \$74.3 million a year earlier. The airline has also swung back to an underlying profit, when certain one-off costs are excluded, making \$10.2 million, a big improvement on a \$45.4 million loss in the previous corresponding period.

Falling fuel prices were a benefit to the group, but perhaps not as much as one would expect given the size of the 50 per cent-plus slump in oil prices over the last six months of 2014. Virgin said, with its fuel price hedging arrangements in place to protect it against large rises in costs, it was actually \$4 million worse off in the September quarter compared to a year earlier, but \$7 million better off in the second quarter, for an overall benefit of just \$3 million. However, based on its current hedging, Virgin said it expects to see further benefits from falling fuel prices in the current half.

"We should see a benefit in the second half of around \$50 million in the oil price, if the oil price remains at the current levels," said the airline's chief executive John Borghetti in a briefing.

During the period, Virgin also took full control of Tigerair Australia (it previously had a 60 per cent stake), with that airline also cutting its losses, and even swinging to a marginal \$0.5 million underlying profit in the second quarter. Over the full half-year, Virgin's accounts show Tiger made a net loss of almost \$25 million on revenue of \$205.5 million. The airline, as has been the case with its major rival Qantas in past results, was the tale of two segments.

Virgin's domestic operations roughly quadrupled before tax and interest profit to \$103.8 million over the half, while international losses worsened to almost \$50 million from \$31.9 million in the prior corresponding period. Virgin increased capacity on both domestic and international routes, albeit only very marginally on international, and it also saw an improvement in filling up its international flights.

However, Mr Borghetti said a very competitive international market has dented profit margins in this area.

"Domestic yield increased by 3.0 per cent compared to the first half of the 2014 financial year, driven by the group's success in attracting increased share of higher-yielding market segments [such as business travellers]," he noted in the report. "International revenue increased by 1.1 per cent compared to the first half of the 2014 financial year. Increased competitive pressure, particularly in the South-East Asian and Europe/United Kingdom markets, constrained yield recovery during the first half."

Virgin Australia will again not pay dividends to shareholders this half.

Source: <http://www.abc.net.au/news/2015-02-19/virgin-narrows-half-year-loss-to-53-million/6144848>

18 FEBRUARY 2015

Perth Now

Toll in \$6.5 billion foreign takeover from Japan Post

TRANSPORT and logistics firm Toll is the target of a \$6.5 billion takeover offer from Japan Post. Shares in Toll Holdings have surged after the news broke. Shares in Toll were 47.5 per cent, or \$2.89 higher, at \$8.97 1100 AEDT. Japan Post has offered \$9.04 for each Toll share, which is 49 per cent above Toll's closing price on Tuesday of \$6.08.

Toll's board of directors has unanimously recommended shareholders accept the offer.

The move came as Toll announced a 22 per cent slide in its first half profit to \$134.3 million because of challenging economic conditions, especially the slowdown in the resources sector. Japan Post plans to use Toll to help grow its international operations. It said it was looking to expand overseas to offset a decline in demand for postal services in Japan.

"Japan Post will position Toll as a platform for cultivating global business, leveraging that company's expertise to expand Japan Post's global logistics operations and revenues," the company said.

Under the proposal, Toll group managing director Brian Kruger will remain with the business. The deal is subject to approval from the Australian government and Toll shareholders.

Source: <http://www.perthnow.com.au/business/companies/toll-in-65-billion-foreign-takeover-from-japan-post/story-fnkjkuhs-1227223909417>

17 FEBRUARY 2015

The Australia

Coal output buoys Asicano results

Asciano says it doesn't expect a downturn in the coal freight market, as miners' increased output buoys the company's bottom line despite a slump in global prices for the commodity. Asciano today reported 5.8 per cent growth in coal tonnes hauled in the six months to December 31, which helped offset weaker volumes in the agriculture and other resources. Since 2012, thermal coal prices have halved to around \$US60 a tonne, while the price per tonne of metallurgical coal has plunged from \$US300 to \$US100 over the same period, as producers have upped output to offset the soft market.

"Ironically in many ways it's actually benefited us -- our coal customers have compensated by increasing output," Asciano chief executive, John Mullen, told Business Spectator.

The group said coal haulage in both Queensland and NSW is expected to stay around present railing levels over the second half of the year, barring any disruption caused by the weather over the next two months. Asciano also said it is confident it can deliver a greater lift in earnings this year than in fiscal 2014 after posting a modest lift in interim net profit.

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In the six months to December 31, Asciano posted a statutory net profit after minority interests of \$189.7 million -- a 1.2 per cent increase on \$187.5m in the first half of the 2014 financial year. In the same period, underlying net profit after minority interests rose 5.7 per cent to \$201.1m, while revenue fell 3 per cent to \$1.947 billion, from \$2.007 billion a year prior. Asciano shares fell on the day's news, dropping 2.34 per cent to \$6.26 at 3pm (AEDT) against a benchmark fall of 0.55 per cent. The group will pay a fully franked interim dividend of 8.25c on March 18, which is 43.5 per cent greater than the previous interim dividend.

Asciano said, barring a material change in the environment, it expects earnings before interest and tax growth in fiscal 2015 to exceed the 5 per cent recorded in fiscal 2014. This will be driven by modestly improving volume growth across some activities and an ongoing focus on business improvement initiatives, in particular the efficiencies flowing from the integration of the Pacific National rail haulage activities. Material items in the full-year are expected to amount to a pre-tax charge of \$40m associated with the costs involved in the redevelopment and automation of the Port Botany container terminal and the restructure costs incurred in Bulk and Auto Port Services.

Asciano said it expects full-year capital expenditure to come in at the lower end of the previously advised \$600m to \$700m range. Mr Mullen said this was due to Asciano historically having low capex levels, which had increased recently. Asciano also announced chairman Malcolm Broomhead would retire at the group's annual general meeting later in the year.

"Mr Broomhead's replacement as chairman will be announced in due course," the group said.

Source: <http://www.theaustralian.com.au/business/latest/asciano-posts-slight-h1-profit-rise/story-e6frg90f-1227222198561>

16 FEBRUARY 2015

Courier Mail

Aurizon on track to cut costs as commodity market remains soft

Rail operator Aurizon will move to a leaner corporate structure and cut costs as it continues to face a lacklustre commodities market.

Australia's largest rail freight operator on Monday announced net profit after tax of \$308 million in the first half, up 17 per cent from \$263 million for the same period in 2014. Revenue was flat at \$1.97 billion as domestic and global economic headwinds continued to impact on coal and iron ore shipments. Aurizon's statutory profit was \$308 million, nearly triple the \$107 million the previous year.

Chief executive officer Lance Hockridge said the company had produced a strong set of results helped by cost savings, improved productivity and the sale of surplus maintenance facilities. The company's shares slumped 2.4 per cent to \$4.88 on Monday as investors fretted the commodities market remained uncertain.

"The business environment is subdued with low growth," Mr Hockridge said. "This challenging operating environment is impacting on many of our customers."

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He said Aurizon planned to become a simpler and leaner organisation as it implemented further cost savings. It expected a number of senior management roles will be abolished as a result. The company would by the end of 2016 achieve overall savings in corporate support and operational areas of \$350 million. Aurizon's headcount has fallen below 7000 for the first time, with 6977 employees at the end of last year. There were 9390 employees in 2010, the year the Bligh government privatised the former QR National.

Morgan's senior analyst Nathan Lead said given the low growth environment Aurizon would likely have to continue cutting costs to lift earnings. Mr Lead noted that revenue was flat and underlying earnings had been helped by a \$40 million gain from the sale of the Redbank maintenance facilities.

Mr Hockridge said that over the longer term he remained cautiously optimistic that the commodities market would recover on the back of strengthened demand from Asia.

"The problem has not been a lack of demand but an oversupply in the market," Mr Hockridge said. "The fundamentals of the market are good if not spectacular."

He added that while economic growth in China had tapered off, any expansion was now occurring off a bigger base. "Any obituary being written for the commodity trade with China is premature," he said.

He said Aurizon was committed to exploring new growth opportunities, including the proposed Galilee Basin rail and port project with joint venture partner GVK Hancock. He said Aurizon was hopeful that the documentation between the two venture partners could be finalised in the second half of the year.

Pitcher Partners director of wealth management David Lane said Aurizon's result was impressive in light of the dramatic decline in commodity prices over the last 12 months. "Moving forward, Aurizon faces many headwinds, largely due to an uncertain outlook for coal and iron ore," Mr Lane said.

Aurizon lifted its unfranked interim dividend 2.1 cents to 10.1 cents per share.

Source: <http://www.couriermail.com.au/business/aurizon-on-track-to-cut-costs-as-commodity-market-remains-soft/story-fnihsps3-1227221117779>

MOVEMENTS

There have been a number of recent movements in the logistics sector, some include:

- Malcolm Broomhead – Retiring as Chairman of Asciano Ltd at the Annual General Meeting in November 2015, replacement yet to be announced.
- Alexandra Badenoch – Commenced as Director, HR, Corporate Affairs & Customer of Asciano Ltd, August 2014 (newly created role, new business structure).
- Philip Tonks – Commenced as Director, Strategic Projects of Asciano Ltd, August 2014 (newly created role, new business structure).
- Murray Vitlich – Commenced as Director, Bulk & Automotive Port Services of Asciano Ltd, August 2015 (newly created role, new business structure, was previously Director Strategy & BD).
- Saul Cannon – Commenced as Director, Strategy & Business Development of Asciano Ltd, August 2014 (replacing Murray Vitlich, see above).
- Lyndall Stoyles – Commenced as Group General Counsel & Company Secretary of Asciano Ltd, August 2014 (replacing Saul Cannon, see above).
- Daniel Abrahams – Formerly Chief Risk Officer of Aurizon Holdings Ltd, February 2015 (now CEO of Superloop).
- John Prescott – Retiring as Chairman of Aurizon Holdings Ltd, 1 September 2015 (to be replaced by Tim Poole, see below).
- Tim Poole – Commencing as Non-Executive Director & Chairman-elect of Aurizon Holdings Ltd, effective 1 July 2015; as Chairman, effective 1 September 2015.
- Samantha (Sam) Lewis – Commenced as Non-Executive Director of Aurizon Holdings Ltd, February 2015.
- Andrea Staines – Retired as Non-Executive Director of Aurizon Holdings Ltd, April 2015.
- Pat Zito – Resigned as Non-Executive Director of Aurizon Holdings Ltd, October 2014.
- Doug Duncan – Retired as Non-Executive Director of Brambles Ltd, February 2015.
- Broderick Jones – Commenced as Company Secretary of Lindsay Australia Ltd, October 2014.
- Leslie Hancock – Resigned as a Director of Lindsay Australia Ltd, January 2015.
- Nathan King – Commenced as Company Secretary & Chief Financial Officer of Lindsay Australia Ltd, January 2015.
- John Russell – Commenced as Group Chief Financial Officer of McAleese Group Ltd, November 2014.
- George Horsington – Commenced as President, Offshore & Business Development (Singapore) of MMA Offshore Ltd, June 2014 (upon acquisition of Jaya Holdings where he was responsible for the Offshore Division).
- Andy Kimpton – Appointed Group General Manager, Health, Safety & Corporate Services of McAleese Group Ltd, November 2014.
- Qantas Airways Ltd – Announced December 2014: Resignations of Simon Hickey, CEO of Qantas International and Lyell Strambi, CEO of Qantas Domestic. Andrew David appointed CEO Qantas Domestic (was COO, Qantas Airways), Gareth Evans CEO Qantas International & Freight (was Group CFO), John Gissing as Group

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Executive Associated Airlines & Services (was CEO, QantasLink), Robert Marcolina Group Executive Strategy, Transformation & IT (was Executive Manager, Group Strategy) and Tino La Spina Group CFO (was Deputy Group CFO), effective March 2015.

- Todd Sampson – Commenced as Non-Executive Director of Qantas Airways Ltd, 25 February 2015.
- Garry Hounsell – Retired as Non-Executive Director of Qantas Airways Ltd, 25 February 2015.
- Barnaby Swire – Commenced as Non-Executive Director of Steamships Trading Company Ltd, 1 January 2015.
- Hugh Wehby – Commenced as Chief Financial Officer of Sydney Airport Ltd, October 2014 (previously Head of Strategy & Capital Projects).
- Trevor Gerber – Commenced as Chairman of Sydney Airport Ltd, May 2015 (upon retirement of Max Moore-Wilton).
- Toll Holdings Ltd – Announced 29 May 2014: 1 July 2014 Toll reduced its divisional reporting structure from six divisions to five, and changed reporting lines for a number of business units to better align contract logistics and network-based businesses. Toll Domestic Forwarding gained Toll Express, Toll NQX and Toll Linehaul & Fleet Services. Toll Liquids and Toll Transitions, due to the contract nature of their activities, moved into Toll Global Resources. The specialised contract-driven parts of Toll Intermodal were incorporated into Toll Global Logistics and its Queensland freight forwarding operations were merged into Toll NQX. Subsequently, two Divisional Directors, Paul Ebsworth and Wayne Hunt left Toll; Paul because of the divisional realignment and Wayne following his decision to return to Australia after seven years in Asia. Chris Pearce (formerly Divisional GM Customised Solutions) was appointed Divisional Director for Toll Global Logistics based in Singapore while Mal Grimmond (formerly Divisional Director for Toll Specialised & Domestic Freight) was appointed Divisional Director role for the expanded Toll Domestic Forwarding.
- Toll Holdings Ltd – Announced 29 May 2015: Following the Japan Post takeover of Toll Group, a new Board is in the process of being finalised. It will be made up of Japan Post executives, yet to be announced, as well as two Directors' from the former Toll Board, Ray Horsburgh AM who will remain Chairman, and Nicola Wakefield Evans. Harry Boon, Barry Cusack, Francis (Frank) Ford, Ken Ryan AM and Mark Smith will no longer serve on the Toll Board.
- Gary Hammes – Commenced as Chief Operating Officer of Virgin Australia Holdings Ltd, February 2014 (replaced Sean Donohue, now CEO of DFW International Airport, USA).
- Bruno Matheu – Commenced as Non-Executive Director of Virgin Australia Holdings Ltd, February 2015 (replaced James Hogan).
- Christopher Luxon – Commenced as Non-Executive Director of Virgin Australia Holdings Ltd, July 2014 (CEO of Air New Zealand Ltd).
- Goh Choon Phong – Commenced as Non-Executive Director of Virgin Australia Holdings Ltd, July 2014 (CEO of Singapore Airlines Ltd).
- Elizabeth Bryan, AM – Commenced as Chairman of Virgin Australia Holdings Ltd, May 2015 (replaced Neil Chatfield).



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ABN 21 160 009 236

Suite 14.01, Level 14, 9 Castlereagh St, Sydney NSW 2000

p +61 2 9253 0950

w blenheimpartners.com