

Pacific National Rail Extends and Expands Relationship with Toll Group

23 December 2013

Asciano Limited (ASX: AIO) ('Asciano') today announces changes to its contractual relationship with transport and logistics operator Toll Group ('Toll') that expand its relationship with Toll to encompass a new Queensland rail services agreement and a new interstate line haul agreement until 2022. Under the new agreements Toll has committed to provide Asciano at least 90% of its intermodal rail freight requirements.

Asciano subsidiary Pacific National Rail (PN Rail) today entered into a new Queensland rail services agreement for a period of 13 years to 2026, effective from 1 February 2014. As part of the agreement, PN Rail will purchase the intermodal rail terminals owned by Toll at Cairns, Townsville, Mackay, Rockhampton and Brisbane plus ancillary equipment, and will offer employment to approximately 60 Toll staff. The properties to be acquired are valued at circa \$71 million.

The agreement includes a commitment from Toll to provide a minimum of 90% of its Queensland intrastate rail volumes on PN Rail services. The contract announced today releases both PN Rail and Toll from existing take-or-pay arrangements.

Angus McKay, Director PN Rail said, "We are very pleased to have reached a new agreement with Toll in the Queensland market which meets its needs and allows PN Rail to compete more effectively in the Queensland intermodal market enabling us to offer our customer base a true national intermodal service.

"The new interstate line haul agreement to 2022 with underlying volume commitments extends our successful long term relationship with Toll which has, in recent years, encompassed the development by Toll of a facility at PN Rail's Perth Freight Terminal in Kewdale.

John Mullen, CEO and Managing Director of Asciano, said, "The contracts announced today cement our relationship with Toll underpinning PN Rail's interstate intermodal business while also delivering the opportunity to expand its current activities in the Queensland market over the medium term.



"While the intermodal business remains difficult at the moment due to the soft domestic economic conditions we continue to believe that we can drive growth in the business over the longer term through improvement in the efficiency, performance and productivity of our rail service offering.

"We reiterate the guidance given at the release of our FY14 first quarter results and the 2013 AGM that we expect PN Rail to report a FY14 EBIT result in the order of 5% lower than the previous corresponding period reflecting the tough market conditions," concluded Mr Mullen.

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Asciano Limited (ASX: AIO) is Australia's largest national rail freight and cargo port operator. The Company is one of Australia's leading providers of critical logistics services within essential infrastructure based supply chains. Asciano occupies all major segments of the import/export and domestic supply chains to offer a diverse freight mix service offering. The Company has an annual turnover of \$3.7 billion¹ and employs over 8,800² full time employees across Australia and New Zealand. For further information on Asciano, including ASX announcements, presentations, and webcasts please visit our website at www.asciano.com.au

¹ 12 months to 30 June 2013

 $^{^{\}mathrm{2}}$ As at 30 November 2013