



Toll Holdings Limited
ABN 25 006 592 089

Level 7/380 St Kilda Road
Melbourne Victoria 3004

Tel: 61 3 9694 2888
Fax: 61 3 9694 2880

25 February 2010

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: 7

Dear Sir

Toll Group Profit Announcement – Half Year Ended 31 December 2009

Please find attached for immediate release to the market, a Media Release and the Toll Group Profit Announcement for the half year to 31 December 2009.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.



25 February 2010

MEDIA RELEASE

Toll Group investing in growth as recovery gathers pace

Toll Holdings, one of the Asian region's leading transport and logistics providers, today reported that its half year result confirmed revenue has recovered from the lows of the first quarter, and that the company expects this trend to continue over the remainder of the year.

"This has been one of the toughest trading environments for the logistics sector in many years," said Toll Group Managing Director Paul Little.

"Toll however has maintained its market leadership in the strategically important Australian market and is extremely well placed to benefit from a return to more normal global trading conditions.

"For the interim period under review, revenue fell six percent as our major customers traded down on the previous year.

"Much of the revenue shortfall generated a disproportionate impact on EBIT as our key express networks were unable to completely defray the impact of revenue shrinkage.

"As volumes return however, these higher yielding businesses will move quickly to higher levels of profitability.

"A pleasing element of these results is the strength of our EBIT margins across the Group which remain well above industry standards," Mr Little said.

"I am also pleased to report that the disciplined cost controls that have long been associated with Toll Group remain in place and our balance sheet remains strong with plenty of scope for further M&A activity as opportunities present."

Recent acquisitions include **Footwork Express** in Japan, **Summit** in the US, **LDS** in the Middle East and **Express** in New Zealand.

"Each of these acquisitions positions us well for growth throughout the rest of the year and beyond. The strategy we have been following for several years now is continuing to come together well and while volumes are down in some sectors, it is certainly a good time for companies with strong balance sheets to be pursuing acquisitions.

"Whilst some of Toll's businesses fell short of their half year targets, volumes now appear to be improving and the company is well placed to take advantage of anticipated more buoyant economic levels," Mr Little concluded.

For further information contact:

Paul Little AO
Managing Director
+61 3 9694 2820
+61 418 335 053

Brian Kruger
Chief Financial Officer
+61 3 9694 2849
+61 419 107 397

Andrew Ethell
GM Group Corporate Affairs
+61 3 9694 2890
+61 417 667 414



25 February 2010

TOLL GROUP PROFIT ANNOUNCEMENT DECEMBER 2009

Toll Holdings, one of the Asian region's leading transport and logistics providers, recorded an EBIT for the group, before acquisition amortisation charges and Footwork Express remeasurement charge, of \$224.1 million compared to \$266.4 million in the previous period, a decrease of 16%.

Revenue for the 6 months was \$3.3 billion, a decrease of 6% over the previous corresponding period revenue of \$3.5 billion.

Revenues across the Group were lower, reflecting the impact of the Global Financial Crisis in the markets in which the company participates. Reported revenues for Toll Global Logistics and Toll Global Forwarding were also impacted negatively by currency translation due to the strengthening of the Australian dollar against the Singapore and Hong Kong dollars. These negative impacts were partially offset by the addition of newly acquired businesses and new contract wins. In addition, the Group continued its focus on strong cost management and a disciplined approach to maintaining EBIT margins across the business.

Profit after tax for the six months to 31 December 2009, before the Footwork remeasurement charge of \$37.4 million, was \$147.3 million, a 16% decrease over the previous corresponding period of \$176.3 million.

Operating cash flow after capital expenditure for the six months of \$82 million was lower as a result of lower cash profits and higher capital expenditure that reflected the company's ongoing investment in growth.

Organisation Structure

For the 2010 financial year, the business will be reported in line with the following new divisional structure:

- Toll Global Express
- Toll Domestic Forwarding
- Toll Specialised and Domestic Freight
- Toll Global Logistics
- Toll Global Resources
- Toll Global Forwarding

All comparative data for the half year ended 31 December 2008 has been restated on this basis.

Divisional Performance

Toll Global Express

Total revenue of \$794 million was 18% higher than the previous corresponding period due to the inclusion of Footwork Express ("Footwork") for two months. Most other businesses recorded reduced volumes during the six months.

EBIT of \$71 million was 7% lower than the comparable half year, as a direct result of lower revenues in Australian businesses.

Highlights

The acquisition of Footwork in Japan was completed at the end of October 2009. Previously, Toll held a minority (37%) interest in Footwork and has now moved to full ownership. This acquisition positions Toll as a leading player in the Japanese express freight market.

Toll IPEC's revenue was lower due to reduced volumes and some competitive pressure on customer rates. Offsetting operational savings were achieved in a number of areas such as equipment and subcontractor costs that helped mitigate the impact on EBIT margins.

Toll Priority results were affected by lower volumes, partially countered by cost efficiencies in pickup and delivery costs and also in linehaul cost. The previously announced acquisition of the Hong Kong and Singapore operations of Deltec UK contributed a small profit to the group result in the period. This international express acquisition continues to support the strategic intent of Toll Priority into Asia. Toll DNATA, the 50% aircraft ground handling joint venture with DNATA, gained additional market share in the sector with major contract wins with Malaysian Airlines (start date Feb 2010) and Philippines Air.

Toll Fast and Stream Solutions traded slightly lower than the corresponding period last year. Toll Fast started an industry specific offering for the distribution of magazines and associated product during the period and is successfully growing this product with new customer wins.

Development of new technology solutions continued, with Phase 1 of a new freight management system for Toll Priority and Toll IPEC becoming operational in the period. This significant technology investment is expected to have strong benefits for both these businesses and their customers. Toll Fast continued its investment in mobile data solutions.

Toll Domestic Forwarding

Revenue of \$555 million was 12% below the previous corresponding period with a reduction in EBIT to \$44 million from \$49 million in the prior year.

Highlights

Toll SPD and Toll Tasmania performed strongly during the period with reduced costs and new contract wins. Revenue for Toll Tasmania was ahead of the prior corresponding period, whilst EBIT was slightly down on the prior corresponding period for both businesses reflecting increased competition as overall customer volumes reduced.

Both QRX and Toll Refrigerated posted results higher than the previous corresponding period in a difficult trading environment.

The Managed Transport Services business recorded significantly lower revenues due to the loss of some customer accounts and generally lower volumes.

Toll New Zealand's results reflected continuing weakness in the New Zealand economy. Importantly, no major customers were lost during the period. Successful contract extensions with Kelloggs, Griffins and Daikin underpin the continued profitability of the warehousing business.

Revenues for the Tasmania shipping business were materially affected by lower demand for movement of goods to / from Tasmania from a number of major customers. However, the impact of this was mitigated by the formation of the Joint Venture with ANL in August 2009.

Toll Specialised and Domestic Freight

Revenue declined 14% compared to the previous corresponding period from \$626 million to \$536 million as most businesses were affected by lower customer volumes. EBIT of \$42 million was \$7 million lower than the previous corresponding period. However, excellent cost control enabled EBIT margins to be maintained.

Highlights

Toll Express and NQX experienced a significant decrease in customer volumes during the period. Strong cost control measures have been utilised to offset the reduced volumes and maintain EBIT margins.

Toll Transitions performed well during the period with EBIT above the previous corresponding period. A significant long term contract for both removals and relocations work for the Australian Defence Force was signed during the period.

Toll Global Logistics

EBIT for Toll Global Logistics for the six months was \$46 million, which was 11% lower than the previous corresponding period. Revenue of \$626 million was down from \$712 million previously, reflecting difficult market conditions in many of the markets in which the business operates and the impact of the stronger Australian dollar.

Highlights

The Government and Defence business generated another strong result. This business is exploring opportunities to expand its service offering to other markets.

Revenue from the Asian logistics operations was adversely affected by lower volumes generally, across the region. However, a strong focus on margin management and cost controls generated EBIT margins above those achieved in the previous corresponding period.

The in2store business in Australia delivered an excellent result with revenues and EBIT higher than the previous corresponding period. This business achieved excellent new customer growth despite the challenging economic conditions.

The Contract Logistics business was affected by reduced customer volumes but maintained a strong EBIT result due to improved cost structure, new customer wins and an improved mix of higher margin business.

The Auto Logistics business was affected by continuing low production and sales levels. This, together with increasing competitive pressures, led to lower revenue and EBIT. These issues were partially offset by improved components volumes as a result of a new contract win. This business continues to pursue growth opportunities in the growing Chinese and Indian markets.

In May 2009, the Group announced its intention to acquire the remaining shares in the ST-Anda Logistics business in China that it did not already own. This purchase was subject to regulatory approvals in China. The approval process is progressing satisfactorily and expected to be finalised by the end of March 2010.

The Toll Global Logistics business across the Asian region, with the now more closely aligned Australian business capabilities within its portfolio, is well positioned to capture the opportunities to come from improving markets within Asia. The business continues to focus on both acquisition and organic growth opportunities.

Toll Global Resources

Toll Global Resources revenue and EBIT levels were above the previous corresponding period by 13% and 7% respectively. This is mainly the result of strong results in both Energy and Mining businesses plus the impact of the Perkins acquisition completed in July 2009.

Highlights

The Marine Logistics business has seen continued strength in the bulk commodities area, mainly in thermal coal and steel aggregates, but suffered during the period from the suspension of sand exports between Vietnam and Singapore. These exports commenced again in January 2010.

PDL Toll had a strong result for the six months with a slightly lower EBIT than the previous corresponding period largely due to the wind down of operations in the Solomon Islands and further decline in troop numbers in Timor. However the contract with the Australian Defence Force in Timor has recently been signed for a further 4 ½ year term providing a solid revenue base for the business.

Mining revenue was lower during the period, however strong EBIT margins were still achieved as the impact of previous capital investments in more efficient equipment benefited the results. The recovery in bulk commodity, prices and demand, especially iron ore, coal and copper is providing numerous opportunities for this business.

Toll Energy achieved significant growth in both revenue and earnings despite the slowdown in drilling and exploration activity on the North West Shelf off the coast of Western Australia. This was largely due to the impact of the recently awarded Barrow Island Supply Base Contract for the Gorgon LNG project. The project is on track to deliver an additional \$180 million of revenue over 3 years.

The Toll Offshore Petroleum Services "TOPS" development in Singapore is progressing well and in line with the original plan. Activity levels across the jetty were lower due to lower oil rig mobilisation during the period. However, activity levels have started to pick up over the last couple of months as oil prices and demand improve.

Perkins Shipping contributed from July 2009 when the acquisition was completed. The integration of this business is continuing and synergies with other Toll businesses are being explored.

Toll Global Forwarding

Toll Global Forwarding continued to be impacted by significant customer volume declines as a result of the Global Financial Crisis. The effect of these volume reductions began late in the second half of FY2009 and continued in the current period.

Revenue was 21% lower at \$440 million, whilst EBIT was 64% lower at \$7 million. The strengthening Australian dollar also negatively impacted the translation of this Division.

Highlights

During the period two acquisitions were completed which contributed positively to the results. ELG in New Zealand was completed at the end of October 2009. LDS in Dubai was completed during December 2009.

Subsequent to the half year end the acquisition of Summit Logistics in the USA was announced. Summit is one of the United States' leading independent freight forwarding and supply chain businesses.

These acquisitions are major steps for the business to achieve its goal of being a top 10 player in the global forwarding market segment.

During the period Toll Global Forwarding invested in technology and key management talent to strengthen its key resources and provide a platform for future growth.

Finance

The company has a strong balance sheet with a net debt position of \$760 million at 31 December, 2009.

The company currently has net debt to net debt plus equity gearing of 22% with interest cover exceeding 14 times. The company has maintained high levels of cash balances and committed undrawn facilities in order to ensure that value creating growth opportunities can be pursued aggressively.

Operating cashflow after capital expenditure for the six months was \$82 million, compared to \$230 million in the previous corresponding period, reflecting the impact of lower cash profits and higher capital expenditure.

Fully diluted earnings per share was 22.1 cents per share pre acquisition amortisation charges and Footwork remeasurement charge. This represents a 22% decrease on a continuing business basis compared to 28.2 cents per share in the previous corresponding period.

Directors have declared an interim dividend of 11.5 cents per share fully franked, consistent with the 2009 interim dividend.

Outlook

Trading conditions in the Australian businesses improved progressively through the period and revenues for the first two months of calendar 2010 provide encouraging signs that this trend will continue. The Global Resources business is continuing to see higher activity levels off the back of strong commodities demand. Our Asian businesses continue to experience flat trading conditions in most regions and the Global Forwarding business is still facing the challenging conditions that are being experienced throughout that market segment.

Overall, we would expect the Group's trading results in the second half of the fiscal year to be broadly in line with those achieved in the first half of the year.

In addition, our strong balance sheet leaves us well positioned to take advantage of value creating acquisition opportunities as they arise.