

FY14 Third Quarter Volume Update

Stronger than forecast coal and container volumes offset weaker rail and bulk port volumes. Guidance for full year underlying net profit maintained.

29 April 2014

Asciano Limited (ASX: AIO) (OTCUS: AIOYY) today releases its FY14 third quarter volume update for the three months ended 31 March 2014.

Pacific National

Coal & Other Bulk Volumes

3 months ended	March '13	March '14	%Chg
Coal Net Tonne Kilometres (NTKs) (m)	5,952	7,304	+22.7
Coal Tonnes (m)	33.5	40.8	+21.8
Bulk Rail NTKs (m)	1,542	1,362	-11.7

- **Coal South East Australia (SEA)** – Tonnes hauled increased 16.7% and NTKs increased 14.5% over the quarter compared to the pcp (previous corresponding period) reflecting haulage levels for the region significantly above expectation for the quarter
- **Coal North East Australia (NEA)** –Tonnes hauled increased 44.4% and NTKs increased 35.7% over the quarter compared to the pcp reflecting a continuation of the strong haulage rates experienced in FY14 1H and a relatively benign wet season resulting in minimal track disruption versus the pcp
- Coal tonnes hauled versus contracted was 91% for the quarter with the SEA region performing very strongly
- **Other Bulks** – Other Bulk Rail NTKs declined 11.7% for the quarter on the pcp primarily reflecting a 22% decline in export grain volumes offset to an extent by increases in construction related volumes. Export grain volumes have been impacted by the drought in Northern NSW and Queensland and other weather impacts in Southern NSW which resulted in lower volumes available for export than previously forecast by the Company's export grain customer base

New Business

- The expected commencement date for the 4mtpa haulage contract with Bandanna Energy from its Springsure Creek mine in Central Queensland is January 2016
- Haulage for the recently secured 12 year 4mtpa contract with QCoal from its Drake coal project is expected to commence in FY16
- Commissioning for Boral's new Peppertree quarry commenced in the quarter with haulage to commence in the coming quarter
- The contract to haul aggregate for Holcim from the Linwood quarry, its new Rooty Hill processing plant, is expected to commence in Q4 of FY15

Intermodal

3 months ended	March '13	March '14	%Chg
Intermodal NTKs (m)	5,445	5,129	-5.8
Intermodal Twenty Foot Equivalent Units (TEUs) ('000)	161.7	154.1	-4.7

- Intermodal NTKs declined 5.8% for the quarter over the pcp reflecting ongoing weakness in East-West volumes. Steel volumes were flat for the quarter

New Business

- The contract to purchase a number of the Toll Queensland rail terminals completed during the quarter. This transaction will provide a key strategic position in the Queensland intermodal market. Integration of these facilities is substantially underway

Terminals & Logistics

3 months ended	March '13	March '14	%Chg
Container Lifts ('000)	444	474	6.8
TEUs ('000)	667	701	5.1

- Container lifts increased 6.8% for the quarter driven by underlying growth in customer volume from existing services of approximately 2.2%, the commencement of the K Line contract in Fremantle, the contribution from a new service by an existing customer and the upsizing of another customer service all of which offset the negative impact of the loss of the CAX service following its cessation in March 2013
- Logistics TEUs were down 9.9% for the quarter on the pcp impacted by material weakness in transport and rail volumes from Northern Victoria and into South Australia

New Business

- The Division commenced the recently secured K-Line service into Fremantle in January 2014 with proforma annual volumes of 90,000 lifts
- The Division has recently secured three new services into East Swanson Dock in Melbourne: a 15,000 lift pa service secured in a recent contract tender; and two new contracts with proforma volume totalling 25,000 lifts commencing in April, representing container volume shifting from Webb Dock to East Swanson Dock as a result of the redevelopment of Webb Dock

Bulk & Automotive Port Services

3 months ended	March '13	March '14	%Chg
Vehicle Movements ('000)	270	248	-8.1
Vehicle Storage Days ('000)	5,287	6,079	15.0

Automotive

- Automotive services reported further growth in storage days in the quarter over the pcp. However storage days have declined 20% since the peak in January 2014 reflecting lower car import volumes

Bulk Ports

- Stevedoring activity levels over the quarter were impacted by lower volumes on the Agility contract, reflecting the wind down of that contract and lower volumes across a number of regional ports reflecting a slowdown in agricultural, general cargo and car volumes over the quarter

Group Outlook

Managing Director and CEO of Asciano John Mullen said, "We continue to expect to deliver low single digit growth in Underlying Net Profit after Tax¹ in FY14 with stronger than expected growth in coal and container volumes combined with a strong focus on reducing overhead costs, offsetting weaker than expected volumes in export grain, intermodal and bulk ports.

"FY14 capital expenditure is expected to be in the range of \$700-800m including the Pacific National acquisition of rail terminal properties in Queensland.

"We continue to pull the levers within our control to drive earnings growth and remain well positioned to take advantage of new opportunities that continue to arise across the business. Asciano is well leveraged to any improvement in volume growth in our key markets" concluded Mr Mullen.

- Ends -

¹ Underlying Net Profit after Tax and minority interests pre material items in FY13 was \$342.5m