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Toll Holdings Limited  
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## ASX and media release

### For Immediate Distribution

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## **Toll's Board unanimously recommends compelling transaction with Japan Post**

- Japan Post proposal to acquire Toll under Scheme of Arrangement for \$9.04 per share in cash
- The cash payment of \$9.04 per share represents a 49% premium to yesterday's closing price and a 53% premium to the three month volume weighted average price of Toll shares
- The offer price represents an implied market capitalisation of \$6,486 million<sup>1</sup> and an implied enterprise value of \$8,019 million<sup>2</sup>
- In addition, Toll shareholders on register as at 2 March 2015 will be entitled to a \$0.13 per share fully franked interim dividend
- Japan Post is aiming to be a leading global logistics player and has selected Toll as the key growth platform
- Toll to retain and grow its own brand, becoming a division that spearheads Japan Post's global operations
- Toll management remains in place with Toll CEO reporting to Japan Post
- Toll Board believes it is a compelling transaction for shareholders and provides a unanimous recommendation to vote in favour of the Scheme

The Board of Toll Holdings Limited (Toll) announced today that it has entered into a Scheme Implementation Deed (SID) with Japan Post Co. Ltd (Japan Post) under which it is proposed that Japan Post will acquire all of the Toll shares by way of a scheme of arrangement (Scheme). The transaction will deliver Toll shareholders \$9.04 per share.

Toll shareholders on the register as at 2 March 2015 will also be entitled to a \$0.13 cash per share FY15 interim dividend (fully franked), payable on 2 April 2015.

The cash payment of \$9.04 per share represents a 49% premium to yesterday's closing price and a 53% premium to the three month volume weighted average price of Toll shares, an implied market capitalisation of \$6,486 million<sup>1</sup> and an implied enterprise value of \$8,019 million<sup>2</sup>.

The proposed acquisition of Toll is an important step by Japan Post to become a leading global logistics player. Toll will be run as a division within Japan Post and will retain the Toll name.

Toll management will remain in place with CEO Brian Kruger reporting to Japan Post CEO Toru Takahashi.

Toll Chairman Ray Horsburgh said: "We are delighted to recommend to shareholders that Toll joins with Japan Post. Japan Post is one of the world's leading postal and logistics companies and Toll is the largest independent logistics group in the Asia Pacific. Together, this will be a very powerful combination and one of the world's top five logistics companies."

<sup>1</sup> Implied market capitalisation calculated as \$9.04 times 717.4 million shares, being the current number of Toll shares on issue

<sup>2</sup> Implied market capitalisation of \$6,486 million plus net debt of \$1,533 million as at 31 December 2014



“We are proud that Toll is a great Australian success story, having grown from small local origins in 1888 to this outstanding outcome today for Toll shareholders and employees. Critically, it will enhance our service to existing and new customers.”

Toll CEO Brian Kruger said: “The proposed combination is a reflection of the strategic value of our business and our strong footprint throughout the Asia Pacific region. It will deliver great opportunities for our staff, customers and strategic partners. The great Toll culture built on safety and operational excellence will work well alongside Japan Post’s established values. I am delighted to have been invited to lead this powerful new division of Japan Post and look forward to working with the rest of the group.”

President and CEO of Japan Post Toru Takahashi said: “We believe the combination of Japan Post and Toll will be a transformational transaction for both our companies and we are very pleased we have been able to reach agreement. In partnership with Toll we are starting a new chapter of looking outward and becoming a leading global player.”

The Board of Toll unanimously recommends that Toll’s shareholders vote in favour of the Scheme at the shareholder meeting, in the absence of a superior proposal and subject to an Independent Expert concluding that the Scheme is in the best interests of Toll’s shareholders. Subject to those same qualifications, each Director of Toll intends to vote all the Toll shares held or controlled by them in favour of the Scheme at the shareholder meeting.

Mr Horsburgh said, “The Board’s primary concern has always been, and continues to be, to act in the best interests of Toll’s shareholders and maximise value for them. The Board believes Japan Post’s proposal of \$9.04 cash per share, which allows shareholders to receive a further \$0.13 interim dividend, reflects compelling value for Toll’s shareholders.”

Toll will appoint an Independent Expert to prepare a report on whether the offer is in the best interests of Toll shareholders. The Independent Expert’s Report will be included in the Scheme Booklet which is expected to be distributed to shareholders in mid-April.

“Toll has become an iconic Australian transport and logistics business with significant operations in Asia. We will be complementary to Japan Post, and closely aligned in our target markets. Combined we will have an expansive geographical footprint with Toll providing expertise in the global logistics and transport markets. Japan Post will bring extra capability, financial strength and significant scale to accelerate growth. Together we will offer an enhanced value proposition while delivering innovative, efficient and cost effective solutions to our customers,” Mr Kruger said.

The implementation of the Scheme is subject to certain customary conditions including:

- Toll shareholders approving the Scheme by the requisite majorities (being a majority in number of shareholders who vote and at least 75% of the total number of shares voted);
- approval from the Treasurer of the Commonwealth of Australia under Australia’s foreign investment rules and other regulatory approvals; and
- court approval of the Scheme.

A copy of the executed SID entered into by Toll and Japan Post is attached to this announcement, which includes (among other things) all conditions precedent for the proposal and certain exclusivity provisions.

## **Timetable**

Shareholders do not need to take any action at the present time.

The Scheme Booklet containing information relating to the proposal, the reasons for the Directors’ unanimous recommendation and details of the shareholder meeting is expected to be sent to Toll’s shareholders in April 2015.

It is anticipated that Toll shareholders will have the opportunity to vote on the proposal at a meeting to be held in May 2015.

Subject to the conditions of the Scheme being satisfied, the Scheme is expected to be implemented in early June 2015.

Toll is being advised by Lazard, as financial adviser, and Herbert Smith Freehills, as legal adviser.



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### About Toll

Toll is the Asia Pacific's largest independent logistics group providing specialist logistics services, employing approximately 40,000 people across some 1,200 locations in more than 50 countries. Founded in 1888, it is an iconic Australian brand with 126 years of trading history. In the financial year ended 30 June 2014, Toll reported revenue of \$8,811.2 million and EBITDA of \$709.5 million.

Toll services a broad range of sectors, offering an extensive Australasian presence with global connectivity. From bulk cargo to a single package, from digital data to a warehouse of goods, from one person to an entire camp - they move, store and manage - delivering integrated logistics solutions across town, across countries and across the globe.

Toll is listed on the ASX under the code ASX:TOL.

### About Japan Post

Japan Post is a subsidiary of Japan Post Holdings, established in 2007 under the Postal Service Privatization Act in Japan.

Japan Post Holdings provides postal, banking and insurance services through three wholly owned subsidiaries (Japan Post, Japan Post Bank, Japan Post Insurance). Japan Post Holdings has announced its intention to go public with preparations currently underway for an IPO in or after late 2015.

Japan Post Holdings had consolidated reported revenue of JPY 15,240 billion (AUD 163 billion<sup>3</sup>) and Net Ordinary Income of JPY 1,104 billion (AUD 11.8 billion<sup>3</sup>) in the financial year ended 31 March 2014.

Japan Post operates the postal business as well as the OTC business for the banking and insurance operations of Japan Post Holdings. Japan Post employs approximately 195,000 people across 13 branches and 24,224 postal locations throughout Japan.

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<sup>3</sup> Assumes an average exchange rate of 1 AUD = 93.5 Yen (1 April 2013 to 31 March 2014)