



## THE MARKET

Australia's strong economic growth has seen demand for supply chain services soaring, with freight volumes expected to double before 2020 and treble by the middle of the next decade. In the last four years alone the market grew by 18 per cent. This massive expansion in logistics services also stretches across the booming Asia Pacific region, Linfox's focus of operations.

Since 2002, Linfox's revenue has risen by 200 per cent to an annualised turnover of \$2 billion in 2007. The company expects to continue this pace of expansion through organic growth and further strategic acquisitions to complement and extend the scale, scope and geography of the business.

Linfox provides highly sophisticated supply chain solutions in 11 countries. Its vision is to be the supply chain solutions provider of choice throughout the Asia Pacific region.

## ACHIEVEMENTS

Linfox's increased scale of operations demands that safety be a key priority. The company's Vision Zero safety strategy aims to achieve zero fatalities, injuries, motor vehicle accidents, environmental exceedances, and zero unsafe behaviour.

This unrelenting focus on safety has reduced the company's lost time injury frequency rate by a massive 39 per cent in just 12 months. Linfox safety programs have also won numerous awards such as the recent 'Operation Countdown' award for road safety.

Much of Linfox's recent growth has occurred in Asia, with rapid expansion in India and China in particular. In addition to organic growth, strategic acquisitions have played a key role in business development.

Linfox's Asian footprint was substantially boosted with the purchase of Mayne Logistics in 2003. The acquisition of FCL in 2006 cemented Linfox's position in Australia as a key rail freight forwarder at a time when rail freight is set to boom, while the addition of Provincial Freightlines doubled the size of the company's New Zealand business. The acquisition of Westgate Logistics in 2007 bolstered Linfox's Australian warehouse and retail operations.

With increasingly complex supply chains, the development of a sophisticated supply chain solutions planning capability has won significant business from major companies across the Asia Pacific region. Linfox's Supply Chain Solutions (SCS) Group provides specialists in IT, supply chain modelling, warehouse design and financial analysis to deliver a uniquely skilled support team for Linfox customers.

Linfox's recent 'Award for Excellence in Supply Chain Management and Distribution' at the SMART 2007 Conference recognises the outstanding contribution of the SCS Group's expertise in designing a new state-of-the-art national distribution centre for Kellogg's in Sydney.

In a continuing focus on delivering value for its customers, Linfox is developing 'campus style'



operations in Australian capitals to provide highly efficient, modern warehousing and distribution hubs. These facilities, close to ports, railheads and commercial areas, will generate tremendous economies of scale for Linfox and its customers. Linfox's Pooraka site in Adelaide, which was opened by South Australian Premier Rann, is the first campus style operation.

## HISTORY

In 1956, Linfox famously consisted of 'One Man One Truck'. With Lindsay Fox still involved in the business he founded, today Linfox Logistics generates 13,000 jobs, operates a fleet of 5,000 vehicles, with more than 260 operating sites and more than 1.8 million square metres of warehousing space.

That growth has been built on consistently high standards for employees, facilities and customer service delivery. This unwavering commitment to standards is demonstrated in the significant investment in employee training and leading-edge technology.

Linfox first established operations in Asia in 1984. Today it operates in 11 countries including Malaysia, Thailand, Indonesia, China and Hong Kong. Operations in Vietnam and India have seen rapid growth more recently and Linfox now employs more than 4,000 people throughout Asia. Key to





Linfox's success in Asia is a keen understanding of the cultural, political and business issues in each area of operations.

In delivering state-of-the-art supply chain solutions, Linfox Logistics is structured into three business units to focus specialised services for key business sectors. The retail sector, fast moving consumer goods manufacturing and the various components of the industrial sector each require unique supply chain solutions and Linfox is specifically structured to deliver this expertise. Linfox also operates a substantial linehaul and freight forwarding division.

### THE PRODUCT

Linfox Logistics specialises in delivering sophisticated supply chain solutions for leading customers. This includes providing complex supply chain design, IT systems integration and warehousing and distribution operations for a wide range of products across the Asia Pacific region.

Linfox operations are enabled by specialist information technology, a vast range of specialist warehouses, a fleet of purpose designed and built vehicles and highly skilled personnel.

Linfox's supply chain specialists, bring vast experience to industry specific issues and add value for customers' supply chain operations.

### RECENT DEVELOPMENTS

In 2002 Linfox implemented a comprehensive \$140 million IT upgrade which included, among other things, warehouse and delivery tracking systems, improving services to customers and making it easier to integrate Linfox's IT systems with customers' systems. This streamlined connectivity across operations and provided a substantial boost to the business.

IT systems continue to be upgraded and in 2006 Linfox became one of a handful accredited global partners for SAP Logistics systems, an acknowledgement of the company's expertise with this specialised business system.

As an innovator in logistics, Linfox last year entered a joint venture named BevChain with Lion Nathan to provide an industry warehousing and distribution solution for the beverage sector. Linfox designs specialised industry solutions to create significant economies of scale by serving several companies within a particular industry sector.

Meanwhile, the move into the wider Asia Pacific market is gathering momentum with the recent successful implementation of new business in northern China and India.

As the first western logistics



provider in Xinjiang Province, China, Linfox has significant opportunities to service the region's booming mining industry. Linfox offers innovative hauling expertise, safety processes, training, operational and administrative controls.

In India, Linfox has dramatically improved the distribution for Hindustan Lever. Linfox also won new business in India with Tata Steel, the world's fifth largest steel producer.

With safety and technology both key areas of focus for Linfox, company founder Lindsay Fox recently demonstrated new digital tachograph technology to Australia's transport ministers in order to promote safety initiatives. The technology is one of the high-tech safety features on board the new Mercedes-Benz Actros 2644 prime mover, dubbed 'the Safety Truck'. The ministers recognised the potential for the technological advances to "significantly improve safety, increase productivity...and improve... environmental performance".

### PROMOTION

Linfox has a reputation throughout the industry for excellent logistics implementation. Its business units are structured to directly target leading companies in key industry sectors and to work with customers and potential customers to win new business by adding value.

Maintaining strong customer relationships has been a hallmark of the business since its inception. Much of the business' development has been based on responding to customers' needs and the company ensures there is strong ongoing customer engagement to maintain this process.

### BRAND VALUES

In 2007 Linfox implemented its Making it Happen Strategy which is driven by five key areas of focus.

Safety and the environment are key aspects of Linfox's business and underpin all operational activity. This ensures the wellbeing of all employees, customers and the environments in which the company operates.

Linfox is developing a long-term strategic approach for reducing greenhouse gases generated by its activities. It has committed a senior resource within the business to ensure that significant savings are won for the environment.

Being customer focused ensures that all Linfox resources – people, technology and equipment – combine to deliver exceptional service and build strong partnerships with its customers.

Linfox is committed to developing its people's skills and knowledge.

Linfox College delivers a wide range of education and training opportunities to build the careers of Linfox people and to develop the company's own future leadership. Its courses include a range of online learning opportunities for all employees as well as business and management development training for frontline leaders.

Linfox also embraces values to ensure integrity, respect and strong positive communication by all its employees.

Generating new business is vital as Linfox pursues its vision through growth in scale and service offering. By combining leading technology, logistics know-how and dedicated people Linfox will continue to expand, delivering greater value for leading businesses in the Asia Pacific region.

Linfox also continues to be lean and competitive in this highly challenging and expanding logistics market, offering the best operational execution and the best value for customers.

### THINGS YOU DIDN'T KNOW ABOUT LINFOX

- Each year, Linfox builds the track for the Australian Formula One Grand Prix in Melbourne. After the race, Linfox dismantles everything again to return the site to its normal use as parkland and suburban streets.
- Linfox was the logistics provider for the recent 75th Anniversary celebrations for the Sydney Harbour Bridge. The only vehicles on the bridge during the pedestrian open day were eight Linfox semi-trailers. Each trailer supported an impressive display highlighting major events in the decades since the bridge opened in 1932.
- Linfox delivers more than 4.5 billion litres of fuel and gas each year and transports more than one million tonnes of wood products.
- In 2006, Linfox helped deliver eight Asian elephants to Melbourne and Sydney zoos.
- Last year Linfox vehicles traveled more than 290 million kilometres across Australia and New Zealand.
- The new Linfox 'safety truck', the Mercedes-Benz Actros 2644, carries a lane guidance system. If the truck unintentionally leaves the lane, the system warns the driver by using a 'rumble-strip' noise through the radio speaker on the appropriate side of the truck.