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Essential Services Commission Assessment of Appropriate Industry Returns for the Taxi Industry

February 2014

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1. Disclaimer

Disclaimer

- 1.1 This report has been prepared for the Essential Services Commission ("the Commission") described in our engagement letter dated 4 February 2014 and is not to be used for any other purpose without our written consent nor should any other party seek to rely on the opinions, advices or other information contained within this report without prior written consent.
- 1.2 We disclaim all liability to any party other than the Commission in respect of or in consequence of anything done, or omitted to be done, by any party in reliance, whether whole or partial, upon any information contained in this report. Any party, other than the Commission, who chooses to rely, in any way, on the contents of this report, does so at their own risk.
- 1.3 The statements and opinions in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. This report provides an independent assessment of an appropriate range of industry returns for the taxi industry.
- 1.4 The information in this report and in any related oral presentation made by us is confidential between us and the Commission and should not be disclosed in whole or in part for any purpose except with our prior written consent.

Authorisations

- 1.5 Other than for the purpose outlined above, this report should not be released to any other third party without the prior written consent of RSM Bird Cameron.

2. Scope

- 2.1 We have performed the procedures agreed with you with respect to the scope described in our engagement letter dated 4 February 2014. We do not accept responsibility or liability for its use outside this purpose.
- 2.2 We have undertaken an analysis regarding the appropriate level of taxi industry returns given the cost structure and risk profile of the taxi industry. This included:
- undertaking an assessment of industries with a comparable investment and risk profile to the taxi industry. Based on this assessment, the relevant industries with comparable investment and risk profiles to the taxi industry was agreed with the Commission;
 - where possible, assessing the industry return (assessed as EBIT margin and return on capital employed) of the taxi industry (operators and licence holders), using the cost profile and revenue data supplied by the Commission;
 - assessing the reasonable or expected returns for those relevant industries agreed with the Commission using information available in the public domain, and where possible, obtained from third parties on an anonymous basis; and
 - on the basis of the above, provided an independent assessment of an appropriate range of industry returns for the taxi industry.

3. Executive Summary

Purpose

3.1 This report provides an assessment of an appropriate level of return for the taxi industry. The assessment is based on our analysis of comparable industries set out in Table 1.

Summary of findings

3.2 The table below sets out a summary of our selection of comparable industries (comprising both listed and unlisted entities), together with the median measure of risk (equity (unlevered) betas, where available), and the median measures of return (EBIT margin and returns on capital employed).

Summary Industry risk and return profile	Industry risk assessment Equity beta median	EBIT margin % median	Return on Capital Employed median
Listed entities			
Taxi and limousine transport	0.52	7.4%	7.2%
Courier pick-up and delivery services	0.77	4.6%	16.6%
Passenger car rental and hiring	0.52	11.4%	9.3%
Urban bus and tramway transport	0.36	6.4%	8.7%
Rail passenger transport	0.26	9.8%	5.3%
Water passenger transport	0.19	7.3%	5.8%
Supermarket and grocery stores	0.29	4.7%	20.1%
Consumer discretionary	0.73	10.0%	11.2%
Unlisted entities			
Taxi		15.7%	10.4%
Tram network operator	-	6.7%	34.4%
Companies operating in the rail passenger transport industry	-	10.3%	2.2%
Privately-owned supermarket businesses	-	6.8%	n/a
Privately-owned newsagencies	-	2.1%	2.4%
Privately-owned food franchise businesses	-	15.9%	34.6%

Sources: Capital IQ and RSM calculations

(i) Betas are not available for unlisted entities

(ii) n/a - due to the limitations of the financial information provided, no ROCE is available for privately-owned supermarket businesses

Table 1: Median risk and return profile – listed and unlisted entities

3.3 Based on this assessment, we have provided an independent assessment of an appropriate range of industry returns as set out in the table below.

Taxi industry Assessed range of return	Low	High
EBIT margin	8.0%	15.0%
Return on Capital Employed (ROCE)	8.0%	13.0%

Table 2: Summary of an appropriate range of industry returns

3.4 The above EBIT margin range of return for the taxi industry is based on the assumption that all operating expenses, including taxi licence assignment fees are included in our assessment of an appropriate range of industry EBIT margin return.

3.5 This executive summary should be read in conjunction with the detail contained in the following sections of this report.

4. Detailed Comparable Industry Analysis

Selection of Comparable Industries

4.1 The table below sets out a summary of the industries we have considered in our analysis of industries with comparable investment and risk profiles to the taxi industry.

	Industry	Primary activities	Main activities include passenger transportation or hire of vehicles	Many players and low market share concentration	Low barriers to entry	High levels of patronage risk	Capital intensive	Assessed level of regulation / compliance risk
1	Taxi and Limousine Transport	Hiring out car with driver, other road passenger transport service provision, taxicab management and service provision, and taxi radio and base operations	✓	✓	✓	✓	✗	Medium
2	Courier Pick-up and Delivery Services	Customised express pick-up and delivery services, grocery, home delivery and messenger services	✗	✓	✓	✓	✗	Medium
3	Passenger Car Rental and Hiring	Leasing, hiring or renting out cars and campervans, minibus rental	✓	✗	✗	✓	✓	Low
4	Urban bus and Tramway Transport	Airport bus operation, short distance charter bus operations, metropolitan, o-bahn and school bus operations, short distance tourist coach operation and tramway passenger transport operations	✓	✓	✗	✗	✓	High
5	Rail Passenger Transport	Passenger railway transport services	✓	✗	✗	✗	✓	High
6	Water Passenger Transport	Cruise services, passenger and vehicle ferry services, and water taxi services	✓	✗	✗	✗	✓	High
7	Supermarket and Grocery Stores	Supermarkets and grocery stores	✗	✗	✓	✓	✗	Medium
8	Newspaper and Book Retailing	Book, newspaper, magazine and periodical retailing	✗	✓	✓	✓	✗	Low
9	Fast Food Services	Independent fast food retailing and franchise operations	✗	✓	✓	✓	✗	Low
10	Road Freight Transport	Road freight and road delivery services, and truck hire with operator	✗	✓	✓	✓	✓	Medium
11	Scenic and Sightseeing Transport	Harbour and other marine sightseeing transport, charter boat operations, sightseeing bus, coach or tramway transport, scenic railway transport and aeronautic transportation	✓	✓	✗	✓	✓	High

Source: IBISWorld

Table 3: Summary of Industries Considered

4.2 IBISWorld¹ produces industry reports based on the classifications as set out in Table 1 above. The taxi and limousine transport industry can be characterised by the following:

- primary activities comprising the hiring out of cars with drivers, taxi radio and base operations, and the provision of taxicab management and related services for passengers;
- a market characterised by many players with each player having low market share concentration;
- comparatively low barriers to entry;
- high levels of patronage risk;
- comparatively low capital requirements; and
- a medium level of regulation by the State government.

4.3 Of the industries identified in Table 1 above, we do not consider the road freight transport and scenic and sightseeing transport industries to be directly relevant to the taxi industry. Whilst the road freight transport industry operates in the transportation industry, its primary activities comprise the transportation of freight goods for commercial purposes as compared to the transportation of passengers. Further, due to its higher capital requirements, we consider the industry's risk and investment profile is not comparable to the taxi industry.

4.4 Whilst the scenic and sightseeing transport industry operates in the transportation industry and its primary activities include the transport of passengers for hire, the primary purpose of the industry is the provision of recreational services. Further, due to its higher capital requirements contributing to high barriers to entry, we consider the industry's risk and investment profile is not comparable to the taxi industry.

4.5 We have, therefore, included an assessment of the following comparable industries with primary activities comprising the transportation of passengers for hire:

- passenger car rental and hiring;
- urban bus and tramway transport;
- rail passenger transport; and
- water passenger transport.

4.6 We consider the above industries share a number of comparable characteristics with the taxi industry as summarised in Table 1 above.

4.7 We have also included courier pick-up and delivery services as a comparable industry on the basis that it shares a number of characteristics with the taxi industry, operating in an industry with many players, relatively low levels of capital intensity and barriers to entry and high levels of patronage risk.

4.8 As agreed with the Commission, we have also considered privately-owned companies operating in the retail sector. Based on the information available to us, we have included privately-owned companies that own/operate supermarkets (supermarket and grocery stores industry), newsagencies (newspaper and book retailing industry) and fast food services, as we consider that these companies share the following characteristics of the majority of players in the taxi industry:

- operate in an industry with many players in a competitive environment;
- are not widely differentiated in terms of the services provided;
- are generally small individually owned businesses, comparable with the majority of individual taxi operators; and
- whilst a certain level of customer loyalty may occur, these businesses usually experience a high level of patronage risk.

¹ IBISWorld provides economic, demographic and government data, and produces specialist industry reports on a wide range of Australian industries to its subscribers

4.9 Therefore, we have selected industries 1 to 9 as set out in Table 3 in our assessment of industries with a comparable investment and risk profile to the taxi industry.

Measures of Industry Risk and Return

4.10 We have utilised the following measures for risk and return for the taxi industry and the assessed comparable industries as discussed in further detail below.

Measure of Risk – Equity Beta

4.11 The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market. A beta greater than 1 represents higher than market risk and a beta below 1 represents lower than market risk.

4.12 Equity betas are adjusted to remove the effect of company specific debt levels resulting in an ungeared (unlevered) beta. Unlevering the beta removes any beneficial effects gained by adding debt to a firm's capital structure. In our opinion, it also allows for better comparison between differing industry risk profiles by removing the impact of differing debt structures on listed entities' levered betas.

Measure of Return – EBIT margin

4.13 The EBIT margin (calculated as a company's total revenue divided by earnings before interest and tax), is a profitability measure and is useful when comparing multiple companies within an industry.

4.14 As EBIT excludes interest and tax expenses, the EBIT margin excludes the impact of different debt structures and corporate tax levels.

Measure of Return – Return on Capital Employed

4.15 The return on capital employed ("ROCE") (calculated as EBIT divided by capital employed), is a financial ratio that measures the return on a company's capital investment, and the efficiency with which its capital is employed. Capital employed is calculated as total assets less current liabilities.

4.16 A higher ROCE indicates a more efficient use of capital, and therefore a greater return on a company's capital investment.

Industry Risk and Return Profile – Listed Companies

4.17 The table below sets out a summary of the risk and returns by industry based comparable listed companies. The detailed list of comparable companies utilised in our assessment is set out in Appendices 1 and 2.

Summary Industry risk and return profile	Industry risk assessment Levered beta (i) median	Industry risk assessment Equity beta (ii) median	EBIT margin % median	Return on Capital Employed median
Taxi and limousine transport	0.71	0.52	7.4%	7.2%
Courier pick-up and delivery services	0.92	0.77	4.6%	16.6%
Passenger car rental and hiring	0.81	0.52	11.4%	9.3%
Urban bus and tramway transport	0.51	0.36	6.4%	8.7%
Rail passenger transport	0.50	0.26	9.8%	5.3%
Water passenger transport	0.28	0.19	7.3%	5.8%
Supermarket and grocery stores	0.39	0.29	4.7%	20.1%
Consumer discretionary	0.87	0.73	10.0%	11.2%
Mean	0.62	0.45	7.7%	10.5%
Median	0.61	0.44	7.4%	9.0%
Min	0.28	0.19	4.6%	5.3%
Max	0.92	0.77	11.4%	20.1%

Sources: Capital IQ and RSM calculations

(i) Capital IQ levered betas are based on 5-year monthly observations at 10 February 2014

(ii) Refer Appendix 1 for further detail on the calculation of equity (unlevered) betas

Table 4: Summary of Industry Risk and Return

Equity beta

- 4.18 The median equity beta for the taxi industry was 0.52.
- 4.19 The urban bus and tramway, rail passenger transport, and water passenger transport industries had median betas below the taxi industry, reflecting a lower risk profile. We consider that the equity betas for these industries reflect the lower patronage risk in these industries.
- 4.20 The passenger car rental and hiring industry reflected similar levels of risk as the taxi industry, while the courier pick-up and delivery services industry reflected a higher risk profile than the taxi industry. We consider that the equity beta for this industry reflects both the high patronage risk and the discretionary nature of utilising courier services.
- 4.21 The supermarket and consumer grocery stores industry median beta of 0.29 reflects a lower risk than the taxi industry. We note however, that there are only two listed comparable supermarket companies, Woolworths Limited and Metcash Limited. These entities are significantly larger, have considerable economies of scale and market share, and have more diversified revenue streams than standalone owner-operated supermarkets.
- 4.22 In the absence of comparable listed companies operating newsagencies and food franchises, we have utilised the consumer discretionary group industry (comprising 118 listed companies, as set out in Appendix 1) in our analysis of the risk profile of companies operating in the retail industry.
- 4.23 The median equity beta for the consumer discretionary group industry of 0.73 reflects a higher risk profile than the taxi industry, but broadly consistent with the courier industry.

EBIT margin

- 4.24 The median EBIT margin for the taxi industry was 7.4%, relatively consistent with the mean and median EBIT margins for the comparable industries reviewed.
- 4.25 The urban bus and tramway, rail passenger transport and water passenger transport industries showed median EBIT margins of between 6.4% and 9.8%, broadly consistent with the taxi industry. We note however, that many companies operating in these industries often receive subsidies and/or operate on cost-plus contracts from governments to operate transport services.
- 4.26 The passenger car rental and hiring and consumer discretionary industries had median EBIT margins of 11.4% and 10.0%, respectively. We consider that the slightly higher EBIT margins reflect an increased ability to differentiate services or goods provided, with fewer market participants and the ability to influence prices accordingly.
- 4.27 The supermarket and courier industries had the lowest median EBIT margins of 4.7% and 4.6%, respectively. We consider that the lower median EBIT margins reflect the high level of competition in these industries.

Return on Capital Employed

- 4.28 The median ROCE for the taxi industry was 7.2%. The passenger car rental, urban bus and tramway, rail passenger transport and water passenger transport industries had median ROCE of between 5.3% to 9.3%, broadly consistent with the taxi industry.
- 4.29 The median consumer discretionary industry group ROCE was 11.2%, slightly higher than all of the transportation industries reviewed, with the exception of the courier industry.

4.30 The courier industry had a median ROCE of 16.6%. However, we consider this higher ROCE may not be reflective of all industry participants as a whole. The comparable listed companies assessed (refer Appendix 2 for further detail), are much larger than privately-owned entities, with revenue streams in excess of \$100 million.

4.31 The supermarket industry had a median ROCE of 20.1%. However, we consider this high ROCE may not be reflective of standalone supermarkets as a whole. We consider that Woolworths Limited and Metcash Limited are able to achieve a high ROCE as a result of achieving greater efficiencies and economies of scale due to their size and market presence.

Industry Returns Profile – Private companies operating in the taxi industry

4.32 The table below sets out a summary of the returns profile of 5 privately-owned companies operating in the taxi industry.

Summary Private companies operating in the taxi industry	Location	Total Revenue (i) \$	EBIT (i) \$	EBIT margin	Capital Employed \$	Return on Capital Employed (ROCE)	Patronage risk (iii)
Company 1	Regional Victoria	160,332	25,226	15.7%	112,932	22.3%	100%
Company 2	Western Australia	1,463,482	332,912	22.7%	n/a	n/a	100%
Swan Taxis Pty Limited	Western Australia	19,724,922	8,232,301	41.7%	41,636,345	19.8%	89%
Dandenong Taxis Limited	Melbourne	1,293,725	52,339	4.0%	4,707,334	1.1%	68%
Regent Taxis Limited	Gold Coast	8,123,610	(89,938)	-1.1%	14,338,866	-0.6%	86%
Mean		6,153,214	1,710,568	16.6%	15,198,869	10.6%	89%
Median		1,463,482	52,339	15.7%	9,523,100	10.4%	89%
Min		160,332	(89,938)	-1.1%	112,932	-0.6%	68%
Max		19,724,922	8,232,301	41.7%	41,636,345	22.3%	100%

Sources: Capital IQ and RSM calculations

(i) Based on most recent available financial year

(ii) n/a - not available as insufficient information was provided

(iii) Where possible, patronage risk has been assessed as revenue streams that incur patronage or customer risk

Table 5: Returns profile – private companies operating in the taxi industry

4.33 Based on the information available to us as set out in Table 5 above, the median EBIT margin for the 5 companies assessed was 15.7%, compared to the median EBIT margin of comparable listed companies

in the taxi industry of 7.4% (refer Table 4). However, we note the following:

- total revenue, total capital employed, and EBIT margins vary widely between individual entities;
- Swan Taxis, Dandenong Taxis and Regent Taxis also derive revenue from more diversified taxi management operations and services including radio communications for taxi members, booking fees, repair services and cabcharge fees. Patronage risk for these companies ranges from 68% to 89%;
- Companies 1 and 2 operate in areas with relatively low levels of competition;
- Swan Taxis is a member of a publicly listed company (ComfortDelGro Corporation Limited) with a global network and brand; and
- all 5 companies owned taxi licences prior to the deregulation of the number of licences issued.

4.34 The median ROCE was 10.4%, slightly higher than the median ROCE of comparable listed companies in the taxi industry of 7.2%.

Industry Returns Profile – Privately owned companies operating in the rail passenger transport and tramway industries

4.35 The table below sets out a summary of the returns profile of 2 privately-owned companies operating in the rail passenger transport industry and 1 privately-owned company operating in the tramway transport industry.

Summary Privately-owned public transport providers	Location	Total Revenue (i) \$	EBIT (i) \$	EBIT margin	Capital Employed \$	Return on Capital Employed (ROCE)	Patronage risk (ii)
<i>Rail passenger transport</i>							
Queensland Rail Limited	Queensland	1,943,275,000	408,940,000	21.0%	6,220,079,000	6.6%	11%
V/Line Pty Ltd	Victoria	525,185,000	(1,878,000)	-0.4%	88,295,000	-2.1%	17%
<i>Tramway transport</i>							
KDR Victoria Pty Ltd	Victoria	366,459,000	24,624,000	6.7%	71,511,000	34.4%	0%
Mean (all)		944,973,000	143,895,333	9.1%	2,126,628,333	13.0%	9%
Median (all)		525,185,000	24,624,000	6.7%	88,295,000	6.6%	11%
Min (all)		366,459,000	(1,878,000)	-0.4%	71,511,000	-2.1%	0%
Max (all)		1,943,275,000	408,940,000	21.0%	6,220,079,000	34.4%	17%
Mean (Rail passenger companies)		1,234,230,000	203,531,000	10.3%	3,154,187,000	2.2%	14%
Median (Rail passenger companies)		1,234,230,000	203,531,000	10.3%	3,154,187,000	2.2%	14%
Min (Rail passenger companies)		525,185,000	(1,878,000)	-0.4%	88,295,000	-2.1%	11%
Max (Rail passenger companies)		1,943,275,000	408,940,000	21.0%	6,220,079,000	6.6%	17%

Sources: Capital IQ and RSM calculations

(i) Based on most recent available financial year

(ii) Where possible, patronage risk has been assessed as revenue streams that incur patronage or customer risk

Table 6: Returns profile – privately owned rail and tramway companies

4.36 The median EBIT margin for the 2 companies operating in the rail passenger transport industry set out in Table 6 above had widely differing EBIT margins of 21.0% and -0.4%, respectively, compared to the industry median EBIT margin of 9.8%.

4.37 The median ROCE for the rail passenger companies was 2.2%, lower than the industry median ROCE of 5.3% (refer Table 4).

4.38 KDR Victoria, operator of the Melbourne tram network had an EBIT margin of 6.7%, consistent with the urban bus and tramway transport industry median EBIT margin of 6.4%.

4.39 KDR Victoria had an ROCE of 34.4%, significantly higher than the industry median ROCE of 8.7%. However, we note that capital investment profiles may differ widely across individual companies operating in the industry.

4.40 Patronage risk for rail passenger and tramway companies is considerably lower than for retail businesses and companies operating in the taxi industry.

Industry Returns Profile – Privately owned supermarket businesses

4.41 The table below sets out a summary of the returns profile of 26 privately-owned businesses operating in the supermarket industry.

Summary Privately-owned supermarket businesses	Location	Total Revenue (i) \$	EBIT (ii) \$	EBIT margin	Patronage risk
<i>Inner-city supermarkets (within 10 km of CBD)</i>					
Supermarket 1	Melbourne	1,937,692	57,463	3.0%	100%
Supermarket 2	Melbourne	3,170,000	346,000	10.9%	100%
Supermarket 3	Melbourne	5,763,768	843,000	14.6%	100%
Supermarket 4	Melbourne	3,604,189	455,000	12.6%	100%
Supermarket 5	Melbourne	3,645,031	171,000	4.7%	100%
Supermarket 6	Melbourne	7,616,697	662,000	8.7%	100%
Supermarket 7	Melbourne	3,185,960	319,000	10.0%	100%
<i>Suburban</i>					
Supermarket 8	Melbourne	26,274,558	664,000	2.5%	100%
Supermarket 9	Melbourne	5,087,651	188,000	3.7%	100%
Supermarket 10	Melbourne	7,623,183	512,000	6.7%	100%
Supermarket 11	Melbourne	5,706,436	404,000	7.1%	100%
Supermarket 12	Melbourne	6,214,188	343,000	5.5%	100%
<i>Regional</i>					
Supermarket 14	Victoria	2,963,643	346,000	11.7%	100%
Supermarket 15	Northern Territory	3,152,495	270,000	8.6%	100%
Supermarket 16	Victoria	6,986,798	472,000	6.8%	100%
Supermarket 17	Victoria	1,839,688	198,000	10.8%	100%
Supermarket 18	Victoria	4,609,636	213,700	4.6%	100%
Supermarket 19	Victoria	3,044,428	123,000	4.0%	100%
Supermarket 20	Victoria	9,545,498	602,000	6.3%	100%
Supermarket 21	Victoria	3,825,560	103,000	2.7%	100%
Supermarket 22	Victoria	9,526,584	347,000	3.6%	100%
Supermarket 23	Victoria	12,040,547	1,257,000	10.4%	100%
Supermarket 24	Victoria	7,400,000	485,000	6.6%	100%
Supermarket 25	Victoria	8,680,000	592,000	6.8%	100%
Supermarket 26	Victoria	1,913,297	152,000	7.9%	100%
Mean		6,214,301	405,007	7.2%	100%
Median		5,087,651	346,000	6.8%	100%
Min		1,839,688	57,463	2.5%	100%
Max		26,274,558	1,257,000	14.6%	100%

Sources: Capital IQ and RSM calculations

(i) Based on most recent available financial year or assessed forecast revenue

(ii) EBIT has been normalised for assessed items of one-off, private or non-business items of income and expenditure and estimated levels of depreciation

Table 7: Returns profile – privately owned supermarket businesses

4.42 Based on the information available as set out in Table 7, the EBIT margins for 26 supermarket businesses operating primarily in Victoria ranged from 2.5% to 14.6%, with a median EBIT margin of 6.8%, broadly consistent with the taxi industry's median EBIT margin of 7.4% (refer Table 4).

4.43 Whilst supermarket businesses are able to attract a measure of customer loyalty, we consider that, due to the intense level of competition in the supermarket industry, shoppers are generally able to choose which supermarket to patronise, with businesses therefore, exposed to a high level of patronage risk.

4.44 Due to the limitations of the financial information provided to us, we have been unable to assess a return on capital employed for the supermarket businesses assessed.

Industry Returns Profile – Privately owned newsagencies and food franchise businesses

4.45 The table below sets out a summary of the returns profile of 16 privately owned businesses operating in the newsagency (newspaper and book retailing) and food franchisee (fast food services) industries.

Summary Privately-owned retail businesses	Location	Revenue (i) \$	EBIT (ii) \$	EBIT margin	Capital Employed \$	Return on Capital Employed (ROCE)	Patronage risk
Newsagencies							
Newsagency 1	Regional Western Australia	3,027,957	266,198	8.8%	986,271	27.0%	100%
Newsagency 2	Perth	1,914,842	(136,553)	-7.1%	483,862	-28.2%	100%
Newsagency 3	Perth	2,700,778	(6,549)	-0.2%	858,128	-0.8%	100%
Newsagency 4	Perth	1,123,526	(147)	-0.01%	(154,534)	0.1%	100%
Newsagency 5	Perth	828,311	47,196	5.7%	338,526	13.9%	100%
Newsagency 6	Perth	2,327,327	30,628	1.3%	663,093	4.6%	100%
Newsagency 7	Canberra	2,248,469	63,385	2.8%	n/a	n/a	100%
Newsagency 8	Regional South Australia	1,079,600	157,000	14.5%	n/a	n/a	100%
Food franchisees							
Food franchise 1	Adelaide	1,378,000	237,377	17.2%	n/a	n/a	100%
Food franchise 2	Newcastle	1,546,221	196,511	12.7%	1,043,620	18.8%	100%
Food franchise 3	Wagga Wagga	1,216,231	219,421	18.0%	743,042	29.5%	100%
Food franchise 4	Perth	2,174,784	295,003	13.6%	743,042	39.7%	100%
Food franchise 5	Perth	2,081,706	304,117	14.6%	513,229	59.3%	100%
Food franchise 6	Adelaide	1,909,879	421,000	22.0%	n/a	n/a	100%
Food franchise 7	Canberra	1,224,968	104,713	8.5%	71,992	n/a	100%
Food franchise 8	Adelaide	434,972	116,312	26.7%	n/a	n/a	100%
Mean (all)		1,701,098	144,726	10.0%	571,843	16.4%	100%
Median (all)		1,728,050	136,656	10.8%	663,093	16.4%	100%
Min (all)		434,972	(136,553)	-7.1%	(154,534)	-28.2%	100%
Max (all)		3,027,957	421,000	26.7%	1,043,620	59.3%	100%
Mean (Newsagencies)		1,906,351	52,645	3.2%	529,224	2.8%	100%
Median (Newsagencies)		2,081,656	38,912	2.1%	573,478	2.4%	100%
Min (Newsagencies)		828,311	(136,553)	-7.1%	(154,534)	-28.2%	100%
Max (Newsagencies)		3,027,957	266,198	14.5%	986,271	27.0%	100%
Mean (Food franchisees)		1,495,845	236,807	16.7%	622,985	36.8%	100%
Median (Food franchisees)		1,462,111	228,399	15.9%	743,042	34.6%	100%
Min (Food franchisees)		434,972	104,713	8.5%	71,992	18.8%	100%
Max (Food franchisees)		2,174,784	421,000	26.7%	1,043,620	59.3%	100%

Sources: Capital IQ and RSM calculations

(i) Based on most recent available financial year or assessed forecast revenue

(ii) EBIT has been normalised for assessed items of one-off, private or non-business items of income and expenditure and estimated levels of depreciation

(ii) n/a - not available as insufficient information was provided

Table 8: Returns profile – other privately owned retail businesses

4.46 The newsagency businesses assessed in Table 8 derive revenue primarily from the sale of newspapers, magazines and books, and lottery tickets.

4.47 Based on the information available as set out in Table 8, the EBIT margins for newsagency businesses ranged from -7.1% to 14.5%, with a median EBIT margin of 2.1%, considerably lower than the median EBIT margin for the taxi industry of 7.4% and the median EBIT margin for the consumer discretionary group industry of 10.0% (refer Table 4).

4.48 The median ROCE for the newsagency businesses was also low at 2.4%, below the median ROCE for the taxi industry of 7.2% (refer Table 4) and for the median ROCE for privately-owned taxi businesses of 10.4% (refer Table 5).

4.49 We consider that the lower EBIT margins and ROCE for newsagency businesses reflect the competitive challenges faced by newsagents having to sell products at lower margins, while maintaining high levels of stock and fixed assets for individual newsagency stores.

4.50 The median EBIT margin for the 8 food franchise businesses was 15.9%, representing higher profitability margins than the consumer discretionary group industry median EBIT margin of 10.0%, and the taxi industry EBIT margin of 7.4% (refer Table 4). The food franchise businesses also disclosed a higher median ROCE of 34.6% relative to the consumer discretionary and taxi industries of 11.2% and 7.2%, respectively.

4.51 Similar to independent supermarket businesses, we consider that whilst small, relatively undifferentiated retail businesses are able to attract a measure of customer loyalty, the high level of competition results in businesses being exposed to a high level of patronage risk.

Summary of the Risk and Returns Profile

4.52 The table below sets out a summary of the measures of median risk and return by listed and unlisted entities.

Industry	Equity beta (i) median	EBIT margin median	ROCE median
Listed entities			
Taxi and limousine transport	0.52	7.4%	7.2%
Courier pick-up and delivery services	0.77	4.6%	16.6%
Passenger car rental and hiring	0.52	11.4%	9.3%
Urban bus and tramway transport	0.36	6.4%	8.7%
Rail passenger transport	0.26	9.8%	5.3%
Water passenger transport	0.19	7.3%	5.8%
Supermarket and grocery stores	0.29	4.7%	20.1%
Consumer discretionary	0.73	10.0%	11.2%
Unlisted entities			
Taxi		15.7%	10.4%
Tram network operator	-	6.7%	34.4%
Companies operating in the rail passenger transport industry	-	10.3%	2.2%
Privately-owned supermarket businesses	-	6.8%	n/a
Privately-owned newsagencies	-	2.1%	2.4%
Privately-owned food franchise businesses	-	15.9%	34.6%

Sources: Capital IQ and RSM calculations

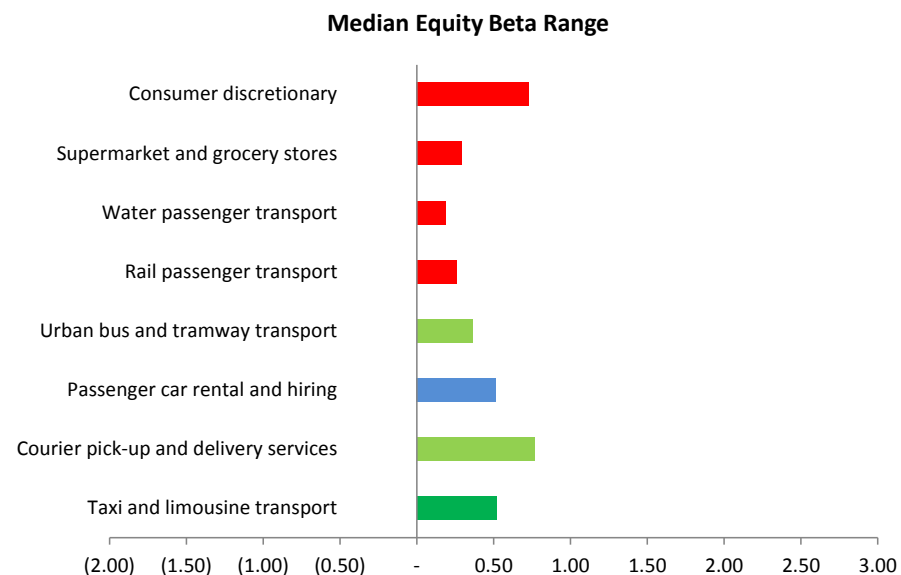
(i) Betas are not available for unlisted entities

(ii) n/a - due to the limitations of the financial information provided, no ROCE is available for privately-owned supermarket businesses

Table 9: Median risk and return profile – listed and unlisted entities

Measure of risk – Equity beta

4.53 The graph below represents our assessment of the risk profile of the taxi industry relative to the other comparable industries.



Graph 1: Assessment of risk profile of the taxi industry

(Source: Capital IQ and RSM calculations)

4.54 As set out in Table 9, the median equity beta for the taxi and limousine transport industry was 0.52. The risk profiles are summarised as follows (refer paragraphs 4.19 to 4.23 for further detail):

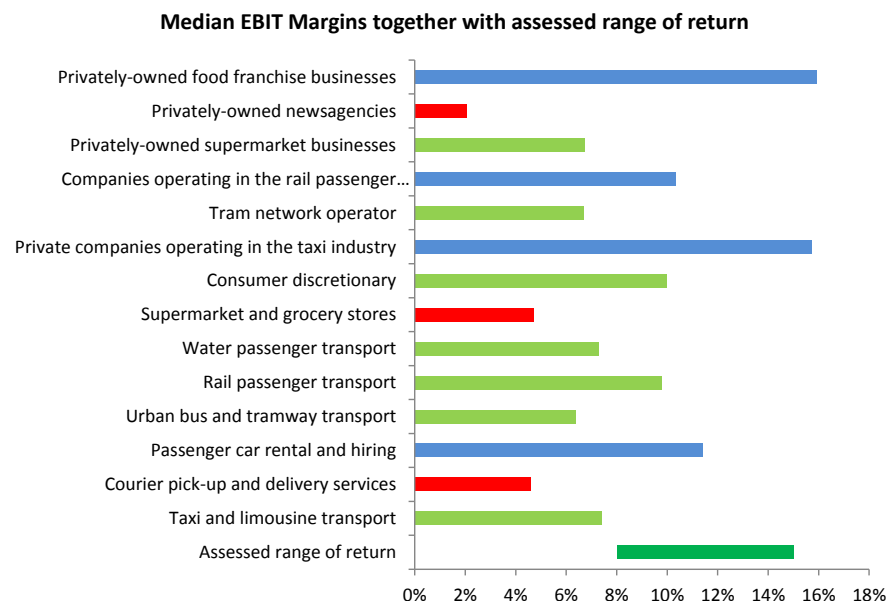
- the urban bus and tramway, rail passenger transport, and water passenger transport industries had median equity betas below the taxi industry, reflecting a lower risk profile;

- the passenger car rental and hiring industry reflected similar levels of risk as the taxi industry, while the courier pick-up and delivery services and consumer discretionary group industries had median betas higher than the taxi industry, reflecting a higher risk profile; and
- the supermarket and consumer grocery stores industry median equity beta reflected a lower risk than the taxi industry but we consider that this lower risk profile primarily reflects the risk profiles of two large listed entities as compared to the supermarket industry as a whole.

4.55 On the basis of the above, it does not appear unreasonable that the return for the taxi industry should be towards the higher end of the range when compared to other comparable industries.

Measure of Return – EBIT margin

4.56 The graph below sets out the median EBIT margins by industry together with our assessment of an appropriate range of returns for the taxi industry.



Graph 2: Assessment of an appropriate range of returns (EBIT margin)
(Source: Capital IQ and RSM calculations)

4.57 As set out in Table 9, the median EBIT range for the taxi and limousine transport industry was 7.4%.

4.58 The urban bus and tramway, rail passenger transport and water passenger transport industries showed median EBIT margins of between 6.4% and 9.8%, broadly consistent with the taxi industry. We note however, that companies operating in these industries often

receive subsidies and/or operate on cost-plus contracts from governments to operate transport services.

4.59 The passenger car rental and hiring and consumer discretionary industries had median EBIT margins of 11.4% and 10.0%, respectively. We consider that the slightly higher EBIT margins reflect an increased ability to differentiate services or goods provided, and to influence prices accordingly.

4.60 The supermarket and courier industries had the lowest median EBIT margins of 4.7% and 4.6%, respectively. We consider that the lower median EBIT margins reflect the high level of competition in these industries.

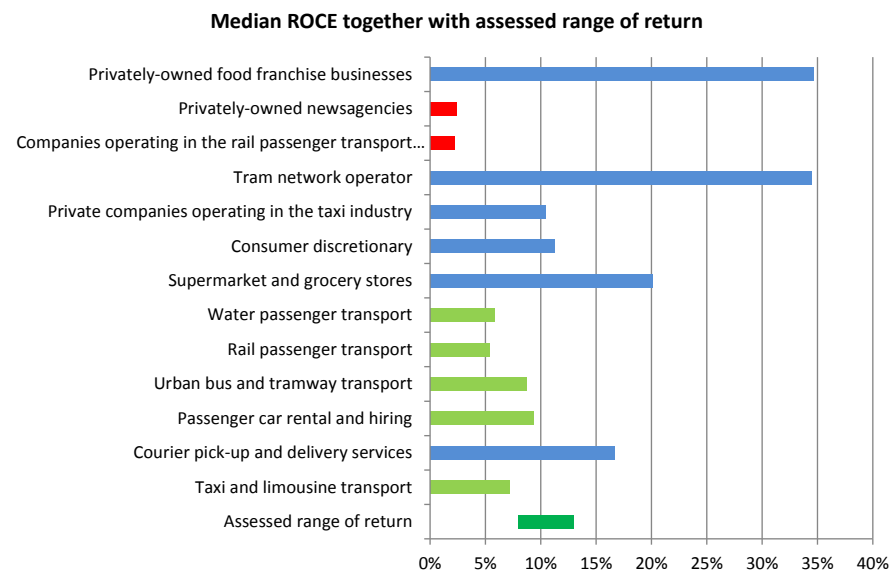
4.61 We have also considered the EBIT margins for privately-owned companies operating in the taxi industry, the tram and rail passenger industries, privately-owned supermarket businesses, newsagencies and food franchise businesses (refer paragraphs 4.32 to 4.51 for further detail).

4.62 Based on the above, we consider that an appropriate EBIT margin return of between 8% to 15% would not be unreasonable for the taxi industry.

4.63 The above EBIT margin range of return for the taxi industry is based on the assumption that all operating expenses, including taxi licence assignment fees are included in our assessment of an appropriate range of industry EBIT margin return.

Measure of Return – ROCE

4.64 The graph below sets out the median ROCE by industry together with our assessment of an appropriate range of returns for the taxi industry.



Graph 3: Assessment of an appropriate range of returns (ROCE)
(Source: Capital IQ and RSM calculations)

4.65 As set out in Table 9, the median ROCE for the taxi and limousine transport industry was 7.2%.

4.66 The passenger car rental, urban bus and tramway, rail passenger transport and water passenger transport industries had median ROCE of between 5.3% to 9.3%, broadly consistent with the taxi industry.

- 4.67 The median consumer discretionary industry group ROCE was 11.2%, slightly higher than all of the transportation industries reviewed, with the exception of the courier industry.
- 4.68 The courier industry had a median ROCE of 16.6%. However, we consider this higher ROCE may not be reflective of all industry participants as a whole. The comparable listed companies assessed (refer Appendix 2 for further detail), are much larger than privately-owned entities, with revenue streams in excess of \$100 million.
- 4.69 The supermarket industry had a median ROCE of 20.1%. However, we consider this high ROCE may not be reflective of standalone supermarkets as a whole. We consider that Woolworths Limited and Metcash Limited are able to achieve a high ROCE as a result of achieving greater efficiencies and economies of scale due to their size and market presence.
- 4.70 We have also considered the ROCE for privately-owned companies operating in the taxi industry, the tram and rail passenger industries, privately-owned supermarket businesses, newsagencies and food franchise businesses (refer paragraphs 4.32 to 4.51 for further detail).
- 4.71 Based on the above, we consider that an appropriate range of returns on capital employed of between 8% to 13% would not be unreasonable for the taxi industry.

Summary

- 4.72 The table below sets out a summary of our assessment of an appropriate range of returns for the taxi industry.

Taxi industry Assessed range of return	Low	High
EBIT margin	8.0%	15.0%
Return on Capital Employed (ROCE)	8.0%	13.0%

Table 8: Summary

Appendix 1 – Equity Beta Analysis

In assessing beta we have considered the betas for comparable companies (Columns A below). The equity betas are adjusted to remove the effect of company specific debt levels resulting in an ungeared (equity) beta (Columns B).

Unlevering the beta removes any beneficial effects gained by adding debt to a firm's capital structure. In our opinion, it also allows for a better comparison between differing industry risk profiles by removing the impact of differing debt structures on listed entities' listed betas.

Taxi and limousine transport Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
ComfortDelGro Corporation Limited	Singapore	3,599.3	17.0%	3.4%	0.51	0.50
Daiwa Motor Transportation Co., Ltd.	Japan	39.2	38.0%	376.0%	1.79	0.54
Shinki Bus Co., Ltd.	Japan	212.2	38.0%	0.0%	(0.16)	-
Cabcharge Australia Ltd.	Australia	467.3	30.0%	45.3%	0.90	0.68
Mean					0.76	0.43
Median					0.71	0.52
Min					(0.16)	0.00
Max					1.79	0.68

Sources: Capital IQ and RSM calculations

(i) market capitalisation as at 10 February 2014

(ii) Capital IQ betas are based on 5 year monthly observations as at 10 February 2014

(iii) where Net Debt/Equity ratio is negative, the unadjusted beta is taken to equal the ungeared beta

(iv) where a levered beta is negative, we have assumed the equity beta to be zero

Passenger car rental and hiring Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
Avis Budget Group, Inc.	US	4,703.5	40.0%	1421.9%	5.07	0.53
ComfortDelGro Corporation Limited	Singapore	3,599.3	17.0%	3.4%	0.51	0.50
EV Transportation, Inc.	US	0.0	40.0%	0.0%	(2.81)	-
Hertz Global Holdings, Inc.	US	13,023.0	40.0%	583.4%	2.89	0.64
Localiza Rent a Car SA	Brazil	3,075.2	34.0%	99.4%	0.98	0.59
Sixt Societas Europaea	Germany	1,719.8	29.6%	188.9%	0.63	0.27
Mean					1.21	0.42
Median					0.81	0.52
Min					(2.81)	0.00
Max					5.07	0.64

Sources: Capital IQ and RSM calculations

(i) market capitalisation as at 10 February 2014

(ii) Capital IQ betas are based on 5 year monthly observations as at 10 February 2014

(iii) Where Net Debt/Equity ratio is negative, the unadjusted beta is taken to equal the ungeared beta

(iv) where a levered beta is negative, we have assumed the equity beta to be zero

Courier pick-up and delivery services Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
CTI Logistics Limited	Australia	160.6	30.0%	70.3%	0.62	0.42
Deutsche Post AG	Germany	46,702.2	29.6%	28.3%	0.92	0.77
Forward Air Corp.	US	1,466.7	40.0%	0.0%	1.07	1.07
Panalpina World Transport Holding Ltd.	Switzerland	4,387.8	18.0%	0.0%	0.72	0.72
PostNL N.V.	Netherlands	2,731.0	25.0%	0.0%	1.32	1.32
Radiant Logistics, Inc.	US	109.0	40.0%	91.7%	0.49	0.32
Royal Mail plc	UK	10,831.7	23.0%	31.0%	(0.40)	-
Singapore Post Limited	Singapore	2,233.2	17.0%	0.0%	0.28	0.28
TNT Express N.V.	US	5,416.9	40.0%	0.0%	1.21	1.21
UK Mail Group plc	UK	675.0	23.0%	0.0%	0.52	0.52
United Parcel Service, Inc.	US	98,049.8	40.0%	0.0%	0.99	0.99
Mean					0.71	0.69
Median					0.72	0.72
Min					(0.40)	0.00
Max					1.32	1.32
Mean (ex Royal Mail and Singapore Post)					0.88	0.82
Median (ex Royal Mail and Singapore Post)					0.92	0.77
Min (ex Royal Mail and Singapore Post)					0.49	0.32
Max (ex Royal Mail and Singapore Post)					1.32	1.32

Sources: Capital IQ and RSM calculations

(i) market capitalisation as at 10 February 2014

(ii) Capital IQ betas are based on 5 year monthly observations as at 10 February 2014

(iii) Where Net Debt/Equity ratio is negative, the unadjusted beta is taken to equal the ungeared beta

(iv) where a levered beta is negative, we have assumed the equity beta to be zero

Urban bus and tramway transport Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
ComfortDelGro Corporation Limited	Singapore	4,243.3	17.0%	3.4%	0.51	0.50
Firstgroup plc	UK	2,904.4	23.0%	120.7%	0.71	0.37
Go-Ahead Group plc	UK	1,553.0	23.0%	175.2%	0.97	0.41
Kanagawa Chuo Kotsu Co.Ltd.	Japan	340.0	38.0%	129.4%	0.65	0.36
National Express Group plc	UK	2,668.7	23.0%	85.9%	1.47	0.88
Rotala PLC	UK	34.6	23.0%	89.5%	(0.05)	-
Shinki Bus Co., Ltd.	Japan	212.2	38.0%	-20.2%	(0.16)	-
Stagecoach Group plc	UK	3,825.4	23.0%	1041.6%	0.50	0.06
Student Transportation, Inc.	US	554.2	40.0%	0.0%	0.27	0.27
Mean					0.54	0.32
Median					0.51	0.36
Min					(0.16)	0.00
Max					1.47	0.88

Sources: Capital IQ and RSM calculations

(i) market capitalisation as at 10 February 2014

(ii) Capital IQ betas are based on 5 year monthly observations as at 10 February 2014

(iv) where a levered beta is negative, we have assumed the equity beta to be zero

Consumer Discretionary Industry Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
Macquarie Radio Network Limited	Australia	93.0	30.0%	57.7%	0.66	0.47
McPherson's Limited	Australia	120.3	30.0%	42.4%	2.89	2.23
Merchant House International Ltd.	Australia	16.5	30.0%	0.0%	(0.29)	-
Myer Holdings Limited	Australia	1,528.6	30.0%	37.7%	1.74	1.38
Navitas Limited	Australia	2,590.4	30.0%	46.8%	0.20	0.15
News Corporation	Australia	11,332.4	30.0%	0.0%	1.61	1.61
Nick Scall Limited	Australia	222.8	30.0%	0.0%	1.33	1.33
Onthehouse Holdings Limited	Australia	45.6	30.0%	0.0%	2.17	2.17
Orbital Corporation Limited	Australia	9.0	30.0%	6.8%	1.04	1.00
OrotonGroup Limited	Australia	161.5	30.0%	0.0%	1.32	1.32
Pacific Brands Limited	Australia	625.3	30.0%	21.9%	2.39	2.07
Pacific Star Network Ltd.	Australia	12.3	30.0%	0.0%	0.43	0.43
Premier Investments Limited	Australia	1,178.8	30.0%	0.0%	1.38	1.38
Prime Media Group Limited	Australia	364.5	30.0%	85.5%	0.64	0.40
Quantum Energy Ltd.	Australia	14.3	30.0%	0.7%	0.99	0.99
RCG Corporation Limited	Australia	196.7	30.0%	0.0%	1.12	1.12
REA Group Limited	Australia	6,213.0	30.0%	0.0%	1.17	1.17
RedHill Education Limited	Australia	23.1	30.0%	0.0%	1.97	1.97
Reef Casino Trust	Australia	177.3	30.0%	0.0%	0.14	0.14
Retail Food Group Limited	Australia	625.2	30.0%	38.3%	0.93	0.73
Ruralco Holdings Ltd.	Australia	205.9	30.0%	33.7%	0.20	0.16
Schaffer Corp. Ltd.	Australia	76.4	30.0%	50.3%	0.86	0.64
SeaLink Travel Group Limited	Australia	115.2	30.0%	76.7%	(0.93)	-
Seven West Media Limited	Australia	2,108.2	30.0%	43.7%	2.18	1.67
Shenhua International Limited	Australia	49.1	30.0%	0.0%	0.15	0.15
Shine Corporate Limited	Australia	282.1	30.0%	3.2%	0.88	0.86
Shoply Limited	Australia	4.8	30.0%	0.0%	(0.57)	-
Site Group International Limited	Australia	44.8	30.0%	0.0%	0.62	0.62
Sky City Entertainment Group Ltd.	Australia	1,949.7	30.0%	74.4%	0.53	0.35
Sky Network Television Ltd.	Australia	2,066.0	30.0%	39.2%	0.60	0.47
Slater & Gordon Limited	Australia	876.7	30.0%	24.2%	0.48	0.41
Southern Cross Media Group Limited	Australia	1,096.4	30.0%	39.0%	2.60	2.04
Specialty Fashion Group Limited	Australia	165.3	30.0%	0.0%	2.18	2.18
Sprintex Limited	Australia	9.3	30.0%	40.8%	(0.15)	-
STW Communications Group Ltd.	Australia	577.4	30.0%	26.0%	0.76	0.64
Success Resources Global Ltd	Australia	9.0	30.0%	83.7%	(1.79)	-
Super Retail Group Limited	Australia	2,059.8	30.0%	45.0%	1.28	0.97
Supply Network Limited	Australia	82.0	30.0%	7.6%	0.47	0.45
Tabcorp Holdings Ltd.	Australia	2,692.8	30.0%	79.4%	1.08	0.69
Tamawood Limited	Australia	72.3	30.0%	0.0%	1.16	1.16
Tatts Group Limited	Australia	4,194.7	30.0%	46.4%	0.37	0.28
Ten Network Holdings Limited	Australia	893.8	30.0%	3.9%	0.85	0.83
The Reject Shop Limited	Australia	313.1	30.0%	0.1%	1.07	1.07
Thorn Group Limited	Australia	297.5	30.0%	18.2%	0.72	0.64
Trade ME Group Ltd.	Australia	1,379.1	30.0%	17.8%	0.03	0.02
Transmetro Corp. Ltd.	Australia	14.7	30.0%	69.1%	(0.28)	-
Treyo Leisure and Entertainment Ltd.	Australia	60.6	30.0%	0.0%	1.14	1.14
Trustees Australia Limited	Australia	2.6	30.0%	23.1%	(0.38)	-
TTA Holdings Limited	Australia	8.0	30.0%	65.2%	(0.44)	-
Twenty-First Century Fox, Inc.	Australia	81,364.5	30.0%	52.2%	0.67	0.49

Consumer Discretionary Industry Equity beta analysis	Country of domicile	Market Cap \$m (i)	Notional Tax Rate	Net Debt / Total Equity	(A) Levered Beta (ii)	(B) Equity Beta
Vealls Limited	Australia	71.0	30.0%	0.0%	0.24	0.24
Viagold Capital Ltd.	Australia	15.0	30.0%	0.0%	(1.56)	-
Village Roadshow Limited	Australia	1,148.4	30.0%	48.4%	0.64	0.48
Vita Group Ltd.	Australia	86.9	30.0%	6.8%	1.33	1.27
Vmoto Limited	Australia	51.4	30.0%	43.8%	2.03	1.55
Waterco Ltd.	Australia	45.6	30.0%	53.2%	0.62	0.45
Webjet Ltd.	Australia	204.1	30.0%	0.0%	0.91	0.91
Wotif.com Holdings Limited	Australia	556.9	30.0%	0.0%	1.03	1.03
Mean					0.88	0.86
Median					0.87	0.73
Min					(2.15)	0.00
Max					3.27	2.80

Sources: Capital IQ and RSM calculations

(i) market capitalisation as at 10 February 2014

(ii) Capital IQ betas are based on 5 year monthly observations as at 10 February 2014

(iii) Where Net Debt/Equity ratio is negative, the unadjusted beta is taken to equal the ungeared beta

(iv) where a levered beta is negative, we have assumed the equity beta to be zero

Consumer discretionary Industry return	Country of domicile	Total Revenue (i) \$m	EBIT (i) \$m	EBIT margin	Capital Employed \$m	Return on Capital Employed (ROCE)
Specialty Fashion Group Limited	Australia	569.5	16.9	3.0%	89.52	18.8%
Sprintex Limited	Australia	1.6	(3.5)	-222.6%	2.53	-136.6%
STW Communications Group Ltd.	Australia	369.3	93.4	25.3%	716.07	13.0%
Success Resources Global Ltd	Australia	5.4	0.4	8.1%	7.43	5.9%
Super Retail Group Limited	Australia	2,021.3	171.6	8.5%	1,166.20	14.7%
Supply Network Limited	Australia	67.8	6.7	9.9%	22.24	30.2%
Tabcorp Holdings Ltd.	Australia	2,013.4	314.4	15.6%	2,381.80	13.2%
Tamawood Limited	Australia	95.1	7.2	7.6%	9.64	74.6%
Tatts Group Limited	Australia	2,948.8	419.7	14.2%	4,385.16	9.6%
Ten Network Holdings Limited	Australia	653.9	22.9	3.5%	982.22	2.3%
The Reject Shop Limited	Australia	618.0	25.8	4.2%	137.56	18.8%
Thorn Group Limited	Australia	215.5	68.5	31.8%	196.55	34.8%
Trade ME Group Ltd.	Australia	137.9	96.2	69.7%	695.49	13.8%
Transmetro Corp. Ltd.	Australia	34.0	4.2	12.2%	44.54	9.3%
Treyo Leisure and Entertainment Ltd.	Australia	69.6	3.9	5.5%	53.44	7.2%
Trustees Australia Limited	Australia	6.4	(1.2)	-18.4%	10.07	-11.8%
TTA Holdings Limited	Australia	55.9	2.1	3.7%	19.99	10.4%
Twenty-First Century Fox, Inc.	Australia	33,308.6	6,412.6	19.3%	48,977.21	13.1%
Vealls Limited	Australia	14.6	4.6	31.3%	104.52	4.4%
Viagold Capital Ltd.	Australia	0.9	(2.9)	-322.4%	2.59	-112.6%
Village Roadshow Limited	Australia	912.9	119.3	13.1%	1,075.80	11.1%
Vita Group Ltd.	Australia	434.7	2.4	0.5%	62.28	3.8%
Vmoto Limited	Australia	14.4	(1.9)	-13.1%	9.92	-19.0%
Waterco Ltd.	Australia	68.8	4.6	6.7%	70.97	6.5%
Webjet Ltd.	Australia	74.6	11.5	15.4%	73.16	15.7%
Wotif.com Holdings Limited	Australia	142.0	70.7	49.8%	102.68	68.8%
Mean (all)				-61.4%	1,046.59	9.3%
Median (all)				9.8%	108.32	11.2%
Min (all)				-6448.9%	0.00	-157.4%
Max (all)				116.7%	48,977.21	110.5%
Mean (excluding EBIT % outliers)				7.4%		
Median (excluding EBIT % outliers)				10.0%		
Mean (excluding EBIT % outliers)				-322.4%		
Median (excluding EBIT % outliers)				116.7%		

Sources: Capital IQ and RSM calculations

(i) Based on rolling 12 month revenue and EBIT

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