

22 November 2018

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ASX Announcement

qube.com.au

Chairman's address and Managing Director's Presentation – 2018 AGM

Chairman's Address

Good morning and welcome to the 2018 Qube Annual meeting.

2018 was another successful year for Qube and I am pleased to report another very strong safety performance at Qube's operations. As Chairman I believe workplace safety is critical to a company's success and during the 2018 Financial Year we made great progress towards reaching our goal of Zero Harm.

However, I must commence this address by acknowledging the tragic death of a Qube employee in New Zealand early last month.

Tragically Shannon Rangihuna an employee of ISO New Zealand at Gisborne Port, was struck by a log during operations on the wharf.

Shannon had two young children. ISO is continuing to support her family during this tragic time. A thorough investigation is being undertaken by the Safety Regulator - Worksafe New Zealand and ISO is working closely with all authorities as investigations into the cause continue.

Financially, 2018 was another successful year for Qube with increased earnings and a strong contribution from the company's investment in Patrick allowing the board to declare a special dividend for shareholders.

The company's long term strategy of diversification of activities and locations meant that Qube was able to deliver solid financial results despite softness in the grain and logistics markets.

Despite some delays and ongoing planning challenges construction of the transformational Moorebank project in South Western Sydney is progressing with work on the new warehousing for Target Australia well underway. Earlier this year the Moorebank project was hailed by the Clean Energy Finance Corporation as representing the future in environmentally sustainable, low-emission transport and freight infrastructure.

The Qube balance sheet remains strong with low gearing and a wide range of funding sources positioning the company well for growth in the years ahead.

Having now completed my first full year as Chairman, I am confident that the board and management are strongly aligned to the vision of making Qube Australia's leading provider of integrated logistics services.

Highlights for the period include:

- The first full year contribution from Patrick with a \$61.6 million cash distribution to Qube allowing Qube's Board to declare a special dividend to shareholders.
- Positive pre-tax revaluations of around 35% for Qube's investment properties at Minto and Moorebank.
- Record performance from ports activities supported by solid earnings contribution and cashflow from AAT under 100% Qube ownership.
- Considerable interest in Moorebank Logistics Park (MLP) leasing and development opportunities with construction of rail link, Import-Export (IMEX) terminal and new warehousing underway.
- The completion in December 2017 of the acquisition of MCS container park business in New South Wales with synergies expected to flow in FY19.
- An outstanding safety performance with a further 67% improvement in the lost time injury frequency rate from an already low base.
- Qube maintained its strong balance sheet with diversified funding sources and a leverage ratio below the bottom end of our long term target leverage ratio of 30%-40%.

The Board determined to declare a final dividend of 2.8 cents per share fully franked, thereby maintaining the full year ordinary dividend at 5.5 cents per share as in the prior year.

In addition, the Board has determined to declare a special dividend of 2.0 cents per share, fully franked. The special dividend reflects the high cashflow being generated by Patrick and distributed to Qube which is above the corresponding earnings contribution to Qube in the period.

Turning to the outlook for the year ahead:

The 2018 financial year saw Qube maintain its strong market positions through delivering reliable, cost effective logistics solutions. Qube continued to undertake substantial investment on equipment, facilities and technology to support these solutions and deliver a superior value proposition to its customers.

Qube will continue to invest in people and resources across the group in a range of areas including operations, safety, IT/technology and risk management to ensure that Qube continues to deliver on its major development projects and provides a superior customer service and sustainable shareholder value.

In FY19, subject to no material change in the domestic or global economic environment, Qube expects broadly similar overall conditions and volumes across most areas of Qube's activities including containerised transport, bulk commodities and forestry products. Qube does not presently expect a significant improvement in grain volumes, and expects a modest decline in imported vehicle volumes given the very strong volumes in FY18 and recent decline in new car sales.

Qube does not anticipate any change in the pricing or competitive pressures in its major markets.

The Operating Division is expected to generate reasonable growth in overall revenue and earnings, reflecting the full year contribution from MCS (including initial synergy benefits) which is expected to offset continued weakness in grain related activities and a competitive operating environment. Qube expects strong growth in its ports activities and modest growth in earnings from the bulk activities as contract wins and the contribution from prior and current year capex offset further expected volume declines at Utah Point.

The Infrastructure and Property division is expected to report an overall similar underlying contribution to Qube's FY19 earnings as delivered in FY18.

Increased earnings from Minto and MLP are expected to be largely offset by reduced earnings from AAT due to the full year impact of exiting Webb Dock West in late December 2017 and an expected reduction in vehicles and other cargo through AAT's facilities following a very strong year in FY18. Quattro is expected to report another loss due to expectations of another poor grain harvest.

Qube expects Patrick to continue to make positive progress in delivering on the acquisition case objectives including improving its productivity and increasing market share by delivering customers superior service. The relatively high fixed cost nature of this business means that if the market continues to grow at expected long term growth rates of 3-4%, market share gains should result in a strong improvement in profitability.

Qube currently expects a strong increase in earnings from Patrick in FY19 compared to FY18, albeit below the high growth rate achieved in FY18. Qube also expects Patrick's cashflow will enable it to make regular cash distributions to its shareholders comprising interest income, franked dividends and other distributions, that will be in excess of Patrick's NPAT contribution to Qube.

In FY19, Qube expects to report a solid increase in NPATA and return to underlying earnings per share (pre-amortisation) (EPSA) growth.

In conclusion I would like to thank the Qube Board, Managing Director Maurice James, his management team and the company's thousands of employees and contractors for delivering another successful year for Qube shareholders.

Further Enquiries:

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The background of the slide features a man in a white hard hat and a high-visibility yellow safety vest over a dark blue collared shirt. He is smiling and standing in front of a body of water. In the background, a city skyline with various skyscrapers is visible under a cloudy sky. To the left, there is a yellow piece of industrial equipment with some text on it, including "CTURAL CHANG" and "6.7 Ton".

QUBE HOLDINGS LIMITED ANNUAL GENERAL MEETING

22 November 2018

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References to 'underlying' information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011.

Non-IFRS financial information has not been subject to audit or review.

AGENDA

1. Chairman's Address
2. Managing Director's Address
3. Questions
4. Formal Proceedings



Chairman's Address



Managing Director's Address

QUBE TODAY

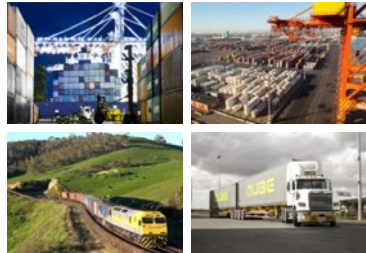
OPERATING DIVISION AND STRATEGIC INVESTMENTS

QUBE

OPERATING DIVISION

QUBE LOGISTICS

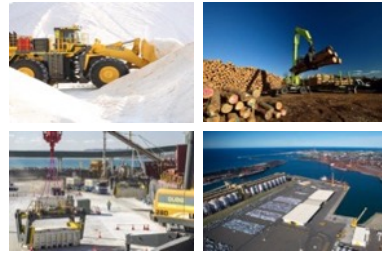
- Provides broad range of services for import and export of mainly containerised cargo
- Offers integrated solution suite covering multiple aspects of the supply chain
- Operates nationally across Australia including in all capital city ports and has an expanding footprint in inland metropolitan and country regional areas with connections to Australian ports



Revenue \$714.3m*
EBITDA \$92.6m*

QUBE PORTS & BULK

- Provides broad range of logistics services for the import and export of mainly non-containerised freight
- Focus on automotive, bulk and break bulk products including vehicles, forestry products, bulk commodities, oil and gas projects and general cargo
- National operator, with port facility locations in Australia and New Zealand



Revenue \$840.7m*
EBITDA \$155.8m*

INFRASTRUCTURE & PROPERTY

- Holds interests in strategically located properties for development into logistics infrastructure and operations
- Developing Moorebank Logistics Park, expected to become the largest intermodal logistics precinct in Australia, and owns another property at Minto
- Owns AAT, a multi-user facility provider to stevedores focused on vehicle imports
- Holds investments in Quattro and TQ for development and operation of grain and fuel storage and handling terminals



Revenue \$95.4m*
EBITDA \$39.3m*

PATRICK STEVEDORES (50%)

- Qube owns a 50% interest in Patrick, one of two major established national operators providing container stevedoring services in the Australian market
- Holds long term lease concessions for and operates shipping container terminals in the four largest container ports in Australia
- Complements Qube's other logistics activities
- Other 50% owned by Brookfield and its managed funds



Revenue \$288.1m (50%) *
EBITDA \$100.6m (50%)*

**Note: Underlying revenue and EBITDA figures above are for the 12 months to 30 June 2018 (FY 18). Patrick revenue and EBITDA are shown on a proportionate basis (i.e. reflecting Qube's 50% ownership interest).*

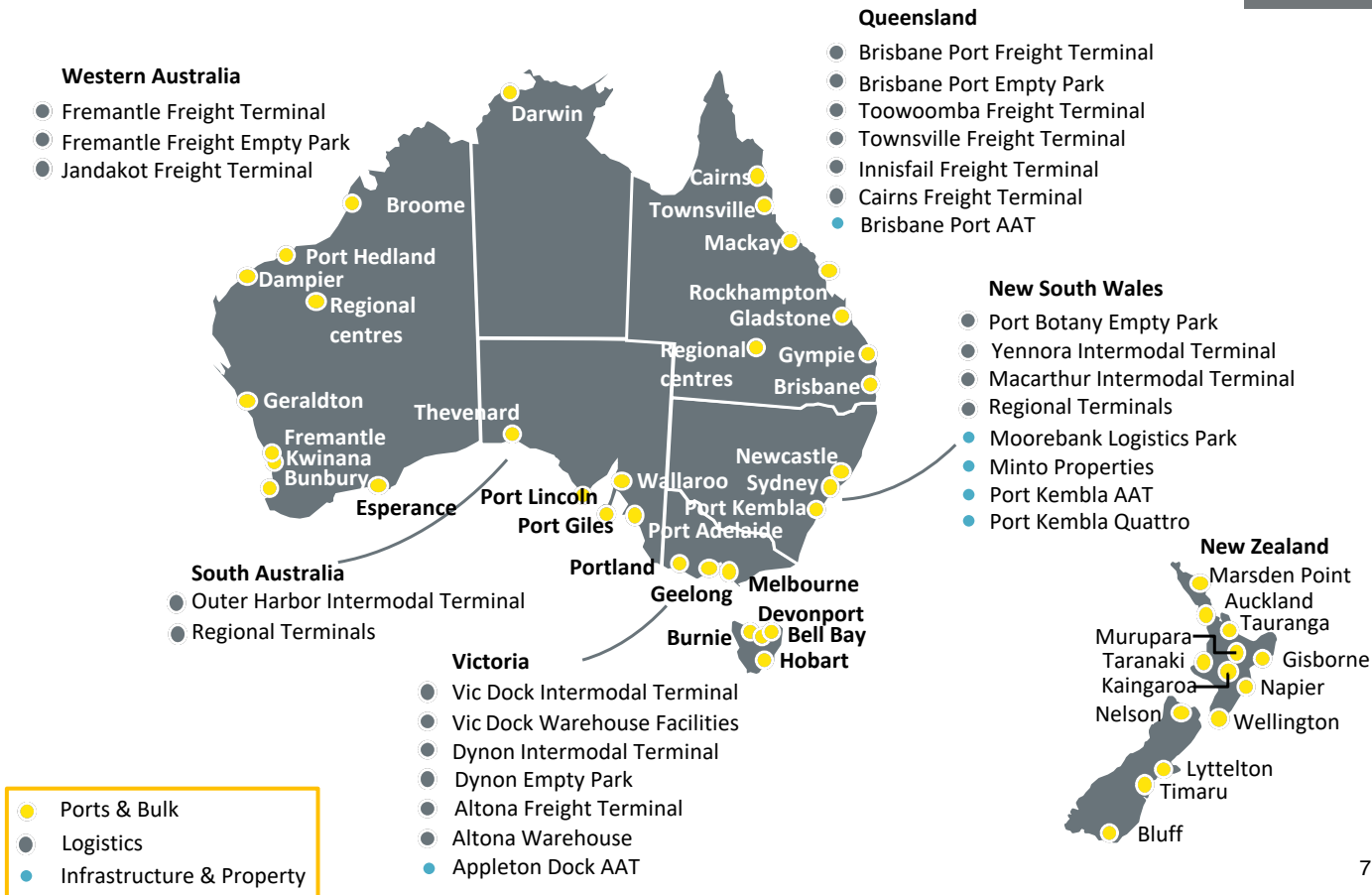
The underlying information excludes certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

QUBE TODAY

- Workforce of over 6,000 employees
- Working across over 125 locations in Australia, New Zealand and South East Asia
- Market capitalisation of around \$4.0 billion
- Leading positions in its core markets

GEOGRAPHICAL PRESENCE

QUBE



NOTES

1. Indicative split including Qube's proportional share of Patrick (50%) and excluding contribution of Corporate division.

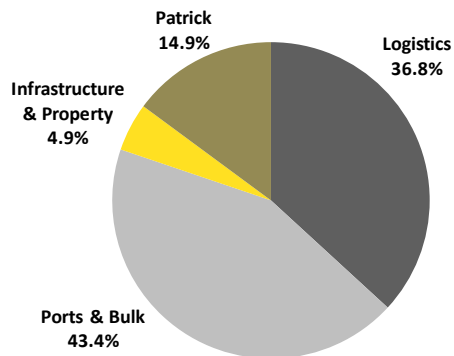
2. Indicative split excluding contribution of other Associates.

3. Excluding Qube's cash balance of \$103.9 million held at 30 June 2018.

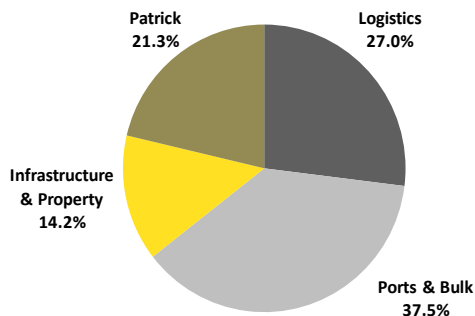
STRENGTH THROUGH DIVERSIFICATION

QUBE

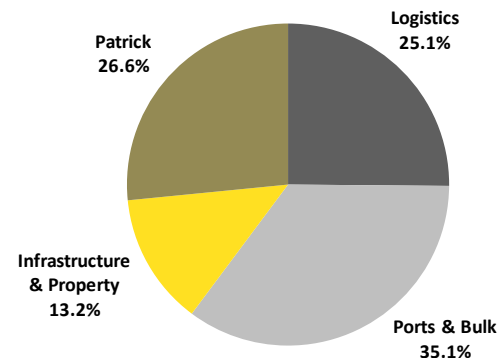
FY18 underlying revenue¹



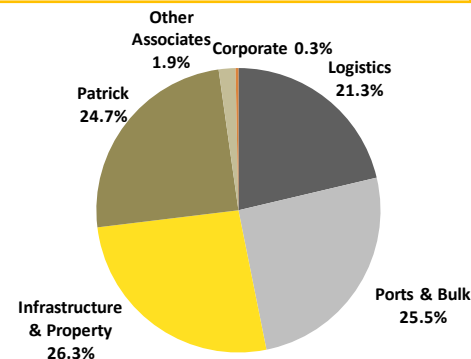
FY18 underlying NPATA^{1,2}



FY18 underlying EBITA¹



FY18 Assets³

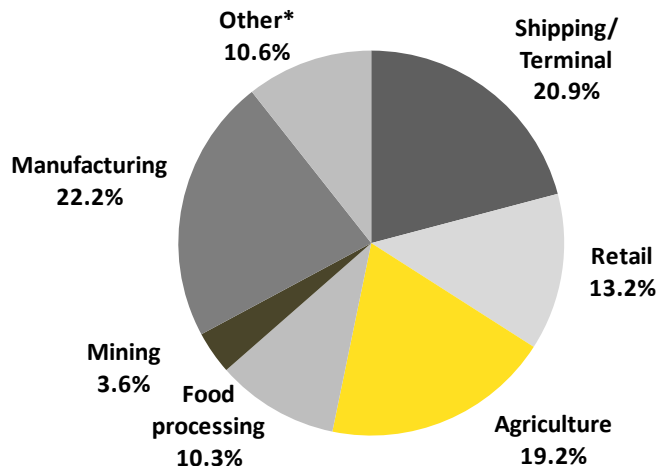


STRENGTH THROUGH DIVERSIFICATION

FY 18 INDICATIVE REVENUE BY INDUSTRY / PRODUCT

QUBE

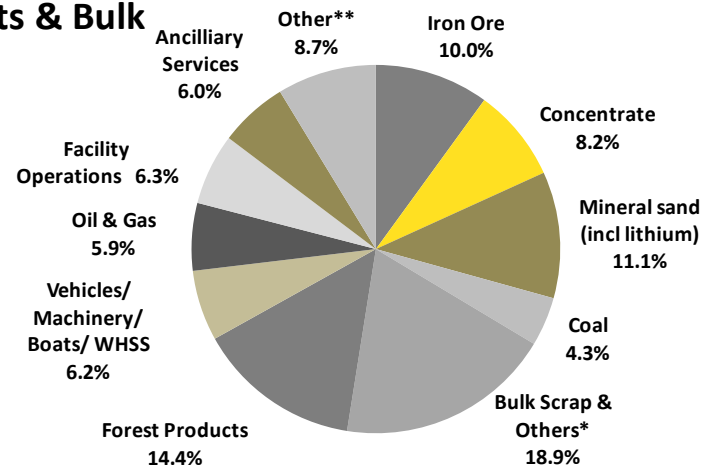
Logistics



*NOTE:

“Other” include freight forwarders as well as infrastructure and project works.

Ports & Bulk



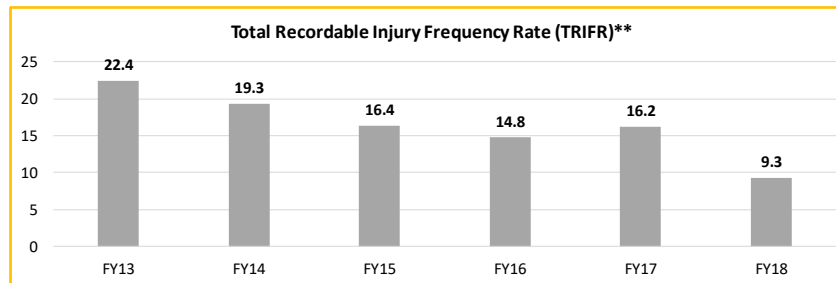
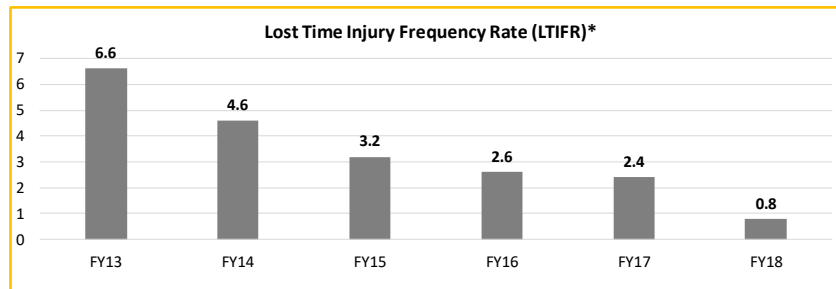
*NOTE:

“Bulk Scrap and Others” include cement, manganese, frac sands, talc, limestone, gold, fertilisers and aluminium.

**NOTE:

“Other” include containers, general cargo, metal products and sundry income. Higher proportion in FY 18 mainly driven by growth in metal products and containers.

CONTINUED IMPROVEMENT IN SAFETY RECORD



- Improvement of 67% and 43% in LTIFR and TRIFR between FY 17 and FY 18, respectively, reflecting Qube's ongoing investment in safety systems, training and awareness
- 96% improvement in LTIFR since Qube's establishment in 2007
- Key initiatives undertaken during the period:
 - Delivery of Driver Excellence Program for truck drivers to minimise rollovers and serious incidents
 - Development of Fitness for Work working collaboratively with Human Resources to create policy and programs
 - Introduction of Fleet Monitoring Centre in Qube Bulk West Perth for 24/7 monitoring of national operations
 - Implementation of QubeCare to promote healthy lifestyle for employees to maintain fitness for work
 - Implementation of critical risk reviews to ensure systems are properly designed and implemented

***NOTE:** LTIFR is the number of Lost Time Injuries for every million hours worked.

****NOTE:** TRIFR is the combined number of recordable Return to Work, Medical Treatment Injuries and Lost Time Injuries for every million hours worked.

OUR QUBECARE



HEALTH & SAFETY

Focus on Health and Wellbeing

- QubeCare is committed to creating healthy workplaces for our employees
- Aiming to create a culture of wellness by encouraging healthy lifestyle
- Over the past 12 months we have focused on a series of initiatives to educate and support our employees



BUILDING ENGAGEMENT

Focus on growing engagement within the Qube organisation through both external and internal communication



QUBE



EXTERNAL SOCIAL MEDIA PRESENCE

Over 70 stories provided in the first 4 months from Qube operations and individuals



QUBE EMPLOYEE APP

Downloaded by 2,000 employees in the first 2 months

Stories from every area of the business

Connecting our employees from Australia, New Zealand and Asia

COMMUNITY ENGAGEMENT WAYFINDER

- Wayfinder is a three-year initiative aiming to increase the number of women in supply chain
- Developed by the Centre for Supply Chain and Logistics at Deakin University in conjunction with Wayfinder industry sponsor Qube
- The program links industry with community through a number of initiatives including a national series of “industry meets community” luncheons and the development of a comprehensive career map
- This presents a golden opportunity for women in Australia and around the world to enter new career paths in supply chain, today; and for young girls to choose courses now to get the best supply chain jobs of tomorrow



COMMUNITY ENGAGEMENT CLONTARF FOUNDATION

- Qube recognises the importance of offering our indigenous communities, employment and opportunity
- Qube has been financially partnering with Clontarf Foundation for over 3 years
- Clontarf exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men and by doing so equips them to participate meaningfully in society
- Catering for over 6,500 boys in 97 schools across Western Australia, Northern Territory, Victoria, New South Wales and Queensland



Clontarf academy locations are also representative of the site locations of Qube, which is great opportunity to provide employment and site visits

FY 19 Q1 BUSINESS UPDATE

OPERATING DIVISION

Overall, trading in line with expectations with no change to full year outlook

LOGISTICS

- Earnings benefitting from MCS acquisition and new contracts/business secured in FY 18
- Industry remains very competitive with ongoing rate pressures and continued impact of drought



PORTS

- Solid volumes in most areas including energy, forestry products, fertiliser and general cargo
- Weakness in motor vehicle imports in particular and steel products
- BOMC development continuing with completion delayed to December due to weather (around 2 month delay)



BULK

- Strength in bulk haulage activities has continued including ramp up of new contracts secured in FY 18
- Acquired Russell Park Industrial Estate (WA) in August 2018 for approximately \$40 million (excluding stamp duty) to provide additional warehousing capacity for bulk commodities



FY 19 Q1 BUSINESS UPDATE

INFRASTRUCTURE & PROPERTY AND PATRICK

QUBE

INFRASTRUCTURE & PROPERTY

Overall, trading ahead of expectations although currently no change to full year outlook

MOOREBANK LOGISTICS PARK

- Pleasing earnings contribution from rental income, management fees and ancillary income
- Continued challenges with statutory planning processes and MIC funded works. Current timetable for rail commencement relies on no further material delays



AAT

- Decline in motor vehicle imports greater than expectations and likely to continue to be under pressure for remainder of FY 19
- Partially offset YTD by higher volumes of project and general cargo, and bulk volumes compared to pcg as well as new customer wins



PATRICK

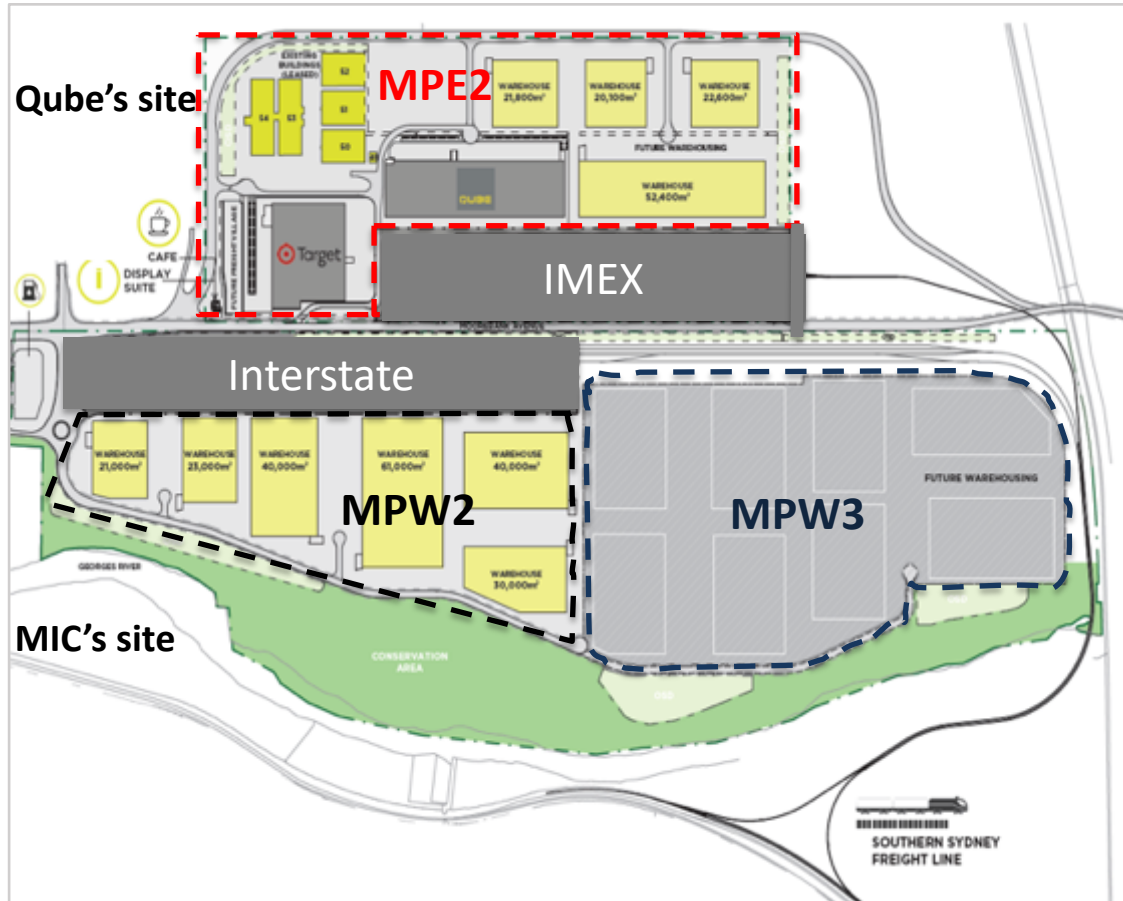
Trading ahead of expectations although currently no change to full year outlook

PATRICK

- Market growth continues to trend above long term expectations (around 6.0% (TEU) in Q1 FY 19 vs pcg)
- Benefitting from FY 18 market share gains although competition for new volumes remains high with continued rate pressures
- Patrick to consider its ancillary charges and infrastructure levy as part of its normal periodic review



MOOREBANK LOGISTICS PARK PLANNING APPROVALS



MOOREBANK PRECINCT EAST STAGE 2 (MPE2)

- Approved (January 2018)
- Ability to construct approximately 300,000 m² of warehouses and IMEX terminal (250,000 TEU capacity in manual operations and 1.0 million TEU capacity once automated)

MOOREBANK PRECINCT WEST STAGE 2 (MPW2)

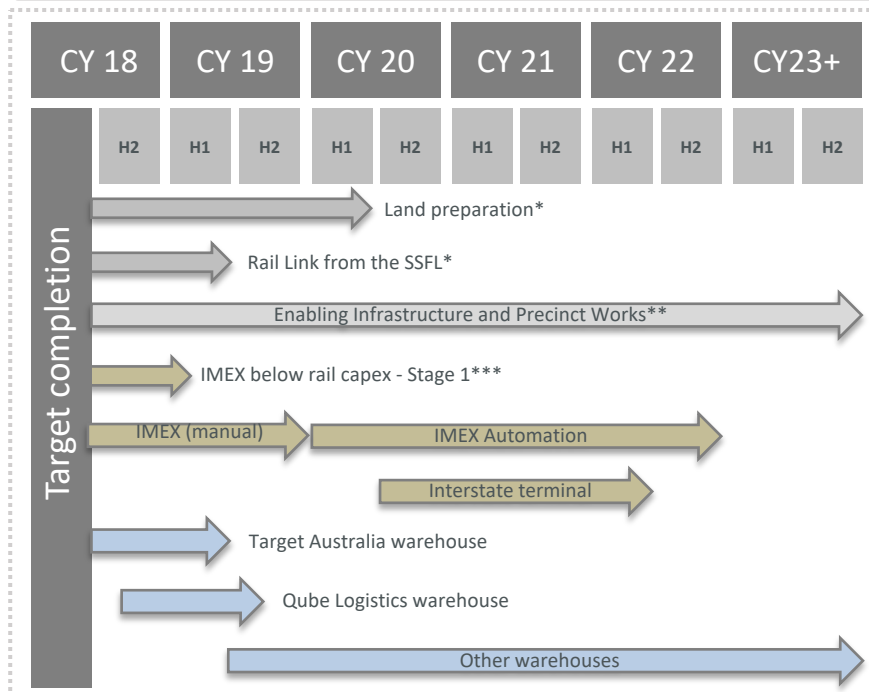
- Department of Planning & Environment is finalising its report and aims to lodge with the Independent Planning Commission (IPC) mid-December
- Exhibition of Voluntary Planning Agreement outlining Qube's road funding contribution (required for MPW2 to progress) ends on November 29
- Subject to lodgement with IPC by mid-December, determination currently expected by end of Q1 CY 19
- Ability to construct approximately 215,000 m² of warehouses and Interstate terminal (500,000 TEU capacity)

MOOREBANK PRECINCT WEST STAGE 3 (MPW3)

- Future submission
- Ability to construct approximately 335,000 m² of warehouses

MOOREBANK LOGISTICS PARK TIMELINE UPDATE

Substantial progress with construction and development activities



*Note: MIC funded works.

**Note: Qube funded works. Ongoing based on timing of warehouse development.

***Note: Commissioning expected by early 2019, operations expected to commence mid 2019.

IMEX AUTOMATION

- Qube decided during the period to proceed with the automation of the IMEX rail terminal
- Kalmar Global was appointed to deliver the equipment and associated operating systems progressively starting late CY 19 with a staged set up to be completed by CY 22

QUBE

MINOR DELAYS IN CONSTRUCTION WITH NO MATERIAL IMPACT ON PROJECT

Rail Link from SSFL

- Delays in receiving regulatory approvals for access and an environmental protection licence
- Commencement of rail operations delayed by between three and six months from the earlier estimate of March 2019 with no material impact on the project's returns
- Rail link is expected to be operational before warehouse operations commence

MIC funded works

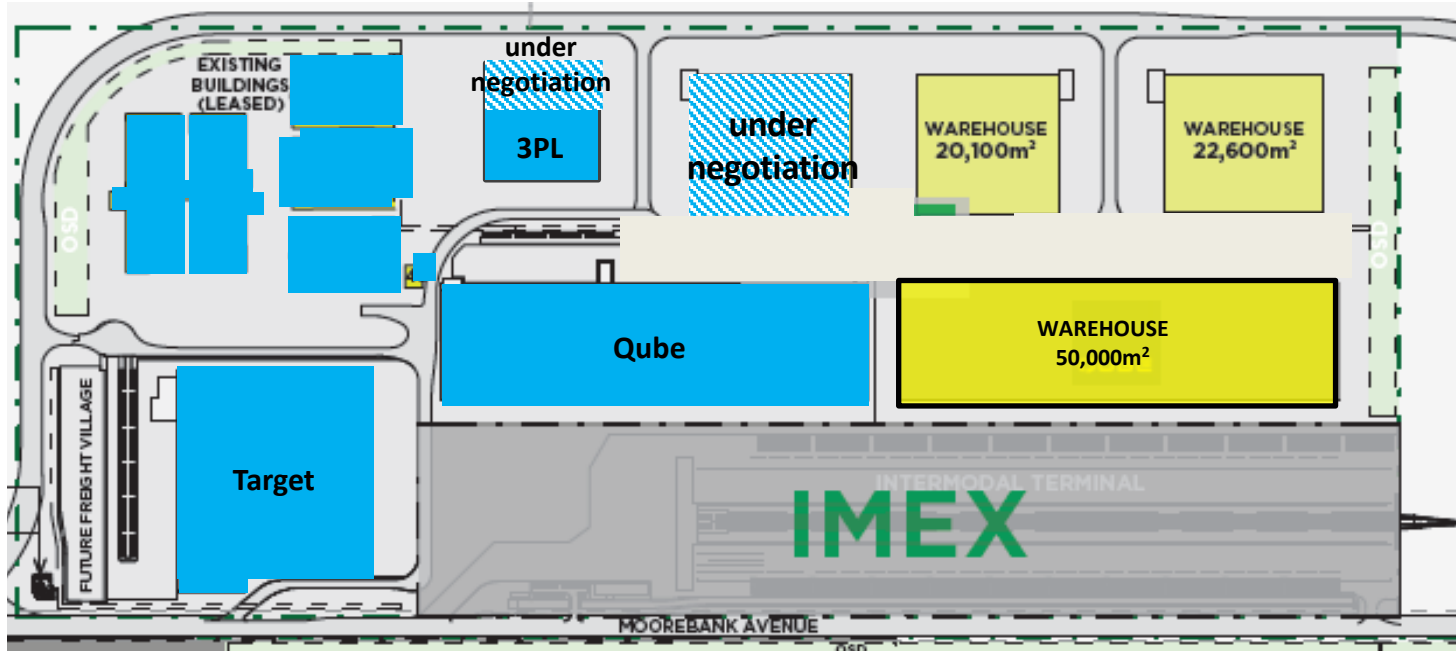
- Commercial dispute with MIC regarding some land preparation works undertaken for MIC on its site on the western side of Moorebank Avenue
- In order to continue to progress the overall development of the project, Qube has incurred expenditure for these works of around \$49 million (31 October 2018) and may fund some additional expenditure on Moorebank Avenue works
- Qube has entered into a contract with BMD for Moorebank Avenue works required for the project
- Qube will be seeking reimbursement for the amounts it has funded

MOOREBANK CONSTRUCTION UPDATE

Video link to be loaded here

MOOREBANK LOGISTICS PARK

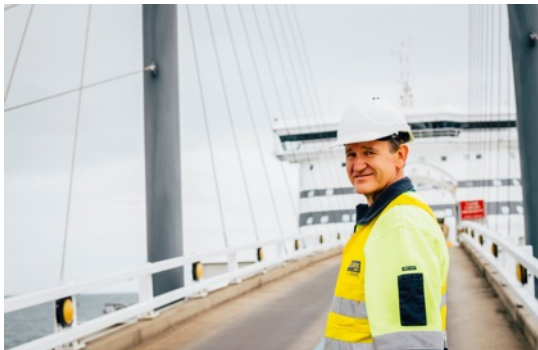
TENANT TAKE UP UPTAKE



	total leased	140,776 m ²
	under negotiation	29,230 m ²
	available	92,700 m ²

FY 19 BUSINESS UPDATE AND OUTLOOK

QUBE



Q1 FY 19

- Pleasing start to FY 19 with the overall financial results slightly ahead of internal expectations
- Continued benefit from diversification of activities enabling overall growth despite some challenges
- Focus on ensuring successful delivery of strategic projects (especially Moorebank Logistics Park)
- Successfully extended the maturity and increased the size of Qube's bank facilities with improved pricing, providing substantial capacity to fund growth



FY 19 OUTLOOK

- No change to full year outlook despite positive start given ongoing market pressures and global uncertainty
- Qube continues to expect to report a solid increase in underlying NPAT (pre-amortisation) and return to underlying earnings per share (pre-amortisation) growth
- Guidance assumes no material change to domestic or global economic conditions

Questions

