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ASX Announcement

Qube delivers another solid result with strong earnings per share growth

Underlying NPAT up 20.3% to $64.6 million and Statutory NPAT up 36.1% to $61.5 million

Qube Holdings Limited (Qube) today announced a solid financial performance for the six months to 31 December 2018 with a return to underlying earnings per share growth.

	Underlying Information		Statutory Information	
	$m	Change (from pcp)	$m	Change (from pcp)
Revenue	859.5	+5.9%	837.0	+5.0%
EBITA	93.6	+11.7%	93.6	+20.2%
NPAT	64.6	+20.3%	61.5	+36.1%
NPATA	72.6	+17.9%	69.5	+30.9%
EPS (cents)	4.0	+17.6%	3.8	+35.7%
EPSA (cents)	4.5	+18.4%	4.3	+30.3%

Highlights for the period include:

- Solid growth in underlying earnings per share driven by improved earnings from all of Qube's divisions and its associates.

- Continued positive financial and operational results from Patrick with increased earnings and market share, and pleasing progress with key lease extensions and the Port Botany rail automation project.

- Sound progress in relation to the planning, development and leasing activities at Qube's Moorebank Logistics Park. Rail operations remain on track to be operational in Q3 calendar year 2019, with the construction of the Target warehouse to be complete prior to this date.

- Strong balance sheet and liquidity maintained with the overall weighted average maturity of Qube's debt facilities extended and debt facilities increased. Leverage ratio of 28.1% at 31 December 2018 remains below Qube's long term target range of 30%-40%.

- Interim dividend increased by 3.7% to 2.8 cents per share and special dividend of 1.0 cent per share (both fully franked).

Releasing the interim result, Qube Managing Director Maurice James said, “This is a very solid first half result which again highlights Qube’s strong market positions and the importance of our diversification strategy”.

Qube was able to deliver very strong earnings growth despite challenges in some parts of the business including declining motor vehicle volumes and the ongoing effect of the drought”.

Patrick continued to generate high cashflow in the period, distributing $40 million to Qube in the six months to December 2018 as a result of higher container volumes and increased market share. The cash distributed to Qube was significantly above Qube’s corresponding share of Patrick’s underlying profit in the period (NPATA) which increased by 15.1% to $19.1 million.

As a result of the solid financial results, high cashflow generation and positive outlook, the Board has resolved to increase the interim dividend by 3.7% to 2.8 cents per share and to pay a special dividend of 1.0 cent per share, both fully franked.

Qube also made sound progress in the period with its strategic Moorebank Logistics Park development. The Moorebank development is progressing in accordance with Qube’s internal targets and rail operations remain on schedule to commence in Q3 calendar 2019, with the construction of the Target warehouse to be complete prior to this date.This assumes that there are no further delays in the planning process or receiving the outstanding approvals.

Qube continues to receive considerable interest from a range of prospective tenants, and this resulted in Qube obtaining internal approvals during the period to develop and fund two new warehouses at Moorebank. A 50,000 m^2 warehouse will be operated by Qube Logistics on behalf of multiple tenants and a smaller 17,800m^2 warehouse will be leased to third party tenants including one tenant that has already committed to approximately two-thirds of the available space.

Qube remains focussed on ensuring that it secures tenants that will drive import and export rail volumes to and from Port Botany and on delivering warehouses to tenants on time and budget.

Outlook

Qube expects to deliver a solid second half earnings contribution (NPATA) that is well ahead of the corresponding prior year period, although it presently expects the overall underlying NPATA in the second half of FY19 will be lower than the first half result. This reflects several factors including seasonality in parts of the business and an expected slowdown in container volume growth in the second half of FY19.

Overall, subject to no material adverse change to economic or operating conditions, Qube maintains its previous guidance and expects to deliver a solid increase in underlying net profit after tax (pre-amortisation) and a return to underlying earnings per share (pre-amortisation) growth in FY19.

Further Enquiries:

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