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ASX Announcement

DIVERSIFICATION DELIVERS AGAIN

Underlying revenue up 28.4% to $2.09 billion

Underlying earnings (EBITA) up 14.0% to $178.8 million

Qube was the largest grain exporter in NSW in H1 FY25

Qube today reported another solid half yearly performance, with underlying revenue for H1 FY25 increasing strongly by 28.4% to $2.09 billion and underlying earnings (EBITA) increasing by 14.0% to $178.8 million.

Underlying NPATA and underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA) grew modestly compared with the prior corresponding period, with NPATA up 1.3% to $143.0 million and EPSA increasing by 1.0% to 8.1 cents. Statutory NPAT for the period was $105.7 million.

A summary of key financial metrics is presented below.

	Underlying Information		Statutory Information (including discontinued operations)[1]	
	$m	Change (from prior corresponding period)	$m	Change (from prior corresponding period)
Revenue	2,090.0	28.4%	1,985.3	26.6%
EBITA	178.8	14.0%	184.9	15.9%
NPAT	135.3	0.4%	105.7	(5.9)%
NPATA	143.0	1.3%	113.4	(4.4)%
EPSA[2] (cents)	8.1	1.0%	6.4	(4.6)%
DPS (cents)	4.1	2.5%	4.1	2.5%

1. As a result of the sale of the Moorebank warehousing related assets, the earnings associated with these assets were classified under discontinued operations in the H1 FY25 and H1 FY24 financial statements. Excluding discontinued operations, H1 FY25 revenue remains at $1,985.3 million while EBITA is $188.5 million.

2. EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.

Qube Managing Director, Paul Digney, said the performance of the business in the first half of FY25 reflects continued organic growth across Qube's key markets, the contribution from prior and current year acquisitions and demonstrates the importance of Qube's diversification in enabling the business to successfully navigate challenges impacting key operations or markets.

"This is a very pleasing first half performance with our results slightly ahead of expectations, despite the multiple headwinds we confronted.

"Our first half performance again shows our ability to leverage our diversity and use the multiple growth levers at our disposal to navigate headwinds and more than offset earnings impacts from issues that might arise in any one operation or market.

"That's evident across the business, where pockets of disruption in some of our key markets or operations during the period, including industrial action at some of our ports, were able to be offset elsewhere, underscoring the resilience of the business.

“The significant growth in grain trading activities through the half, also highlights our ability to use our quality assets, systems, network and people to grow into new and complementary areas and deliver pleasing results together with enhanced customer outcomes,” Mr Digney said.

Bulk exports through Qube’s grain terminals increased by 85% to 1.2 million tonnes and Qube estimates that this represented around 61% of total NSW volumes for the first half of FY25.

Overall, conditions and activity levels remained favourable across most of Qube’s markets during the period, however forecast earnings were impacted by factors including the delayed completion of the Melbourne International RoRo Automotive Terminal (MIRRAT), industrial action in some areas, lower volumes from some bulk customers due to mine closures and losses attributable to the Moorebank Logistics Park (MLP) Interstate Rail Terminal joint venture.

Mr Digney said: “Having built strong momentum in the first half of the year, we remain confident in our ability to deliver growth in full year underlying NPATA and EPSA in FY25 compared to FY24, and currently anticipate that FY25 underlying NPATA and EPSA will be above the FY24 result.”

Safety, Health and Sustainability
Qube continued to focus on safety in the period, with the TRIFR continuing to improve from 7.8 to 7.1, around a 9.8% reduction. Although some safety metrics declined in the period (LTIFR moved from 0.37 to 0.60 and CIFR from 0.62 to 0.78), they remain at historically low levels and compare favourably to comparable industry participants and Qube’s internal targets.

During the period, Qube launched a refreshed Safety, Health and Sustainability program: BE Safe. BE Safe is a strong and simple call to action, aligned to our Thrive program, designed to inspire and motivate safe behaviours and to reinforce the importance of always putting safety first.

Interim Dividend
The Board has increased the interim ordinary dividend by around 2.5% to 4.1 cents per share (fully franked), equating to around a 51% dividend payout ratio of Qube’s H1 FY25 underlying EPSA.

FY25 Outlook
Qube currently expects the following FY25 full year financial outcomes:

Operating Division
Strong underlying earnings growth (EBITA) with Logistics & Infrastructure activities expected to deliver the strongest growth, supported by solid earnings growth from the Ports & Bulk activities.

Associates
Qube’s Associates are collectively forecast to deliver an overall NPATA decline of around $6 million to $8 million compared to the prior corresponding period.

The key driver of this decline is the NPATA loss from Qube’s investment in MITCo which is expected to be around $6 million to $8 million.

Qube’s earnings from Patrick (NPATA excluding Qube’s share of interest income from Patrick) are expected to be modestly lower than the prior corresponding period, while the other associates are collectively expected to deliver overall earnings modestly above the prior corresponding period.

Corporate and Net Interest
Qube’s corporate costs (EBIT) are expected to increase in FY25 mainly due to cost inflation, increased resourcing and higher technology and related licensing costs, reflecting Qube’s greater size.

Qube currently expects its FY25 net interest expense will be around $20 million to $25 million above the FY24 expense. The main reason for the lower expected net interest expense compared to previous guidance is the delayed acquisition of MIRRAT.

Capex and Depreciation
Qube expects to spend around $800 million to $850 million on gross capex in FY25 (including acquisitions undertaken in H1 but excluding any further acquisitions in FY25 other than the completion of the MIRRAT acquisition which is currently still assumed to complete in FY25). The forecast capex spend does not include the proceeds from the recent asset sales which will reduce Qube's net cash outlay in the period.

Maintenance capex is expected to be around 85% to 90% of depreciation expense.

The actual level of capital expenditure in FY25 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

Qube Group
Overall, having regards to the above expectations, Qube remains confident in delivering growth in full year underlying NPATA and EPSA in FY25 compared to FY24 although the growth rate is expected to be below the strong growth rate that was achieved in FY24 (consistent with previous guidance).

The extent of earnings growth remains difficult to forecast given the various opportunities, challenges and uncertainty across Qube's core markets.

However, based on the current outlook, Qube presently expects that FY25 underlying NPATA and EPSA will be at least 5.0% above the FY24 result.

The actual full year earnings growth will depend on a range of factors including market conditions and volumes in Qube's key markets, any adverse weather events, the inflationary and interest rate environment and the labour and industrial relations environment. Qube remains well placed to deliver sustainable long-term underlying earnings growth.

Authorised for release by:

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