



**QUBE HOLDINGS LIMITED  
2014 ANNUAL GENERAL MEETING  
CHAIRMAN'S SPEECH**

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Good morning ladies and gentlemen. Welcome to this annual general meeting of shareholders of Qube Holdings Limited. My name is Chris Corrigan and I am Chairman of Qube.

I am told that a quorum of shareholders is present and so I declare this annual general meeting open.

Ladies and gentlemen, the notice of meeting was mailed out to all shareholders. I will take the notice as read.

I would like to begin by introducing the other directors and company secretary.

Seated at the table with me are Sam Kaplan, Deputy Chairman, Maurice James, Managing Director, Directors Allan Davies, Ross Burney, Peter Dexter, Robert Dove and Alan Miles and Company Secretary, William Hara.

Also attending today's meeting is Mr. Niall McConnell, representing Qube's auditor PricewaterhouseCoopers.

I would now like to make some brief comments as Chairman, after which I will ask Qube's Managing Director, Maurice James, to address the meeting.

I am delighted to say that this year was the most successful in Qube's short history, delivering another outstanding result for shareholders.

Qube continued its record of rising revenue, strong earnings and increasing dividends. Throughout the year, Qube continued to evolve and expand, still remaining focused on its core strategy of becoming Australia's leading provider of logistics solutions focused on import and export supply chains.

Statutory revenue increased to \$1.2 billion while profit after tax increased to \$87.9 million.

Compared against the prior year:

- Underlying revenue grew by 14% to \$1.2 billion and underlying profit after tax was \$88.6 million, a 20% increase.
- Underlying earnings per share increased 16% to 9.3 cents.
- The directors have determined to pay a fully franked final dividend of 2.7 cents per share, bringing the year's dividend total to 5.1 cents, a 13% increase.

Other highlights include:

- revenue and earnings growth and margin improvement in both operating divisions despite a challenging macroeconomic environment;
- strong improvements in safety performance;
- substantial investment on equipment and facilities;
- acquisitions to support diversification and growth;
- the Quattro Grain joint venture; and
- commencement of negotiations with the Commonwealth about the development of the important Moorebank intermodal precinct in South Western Sydney.

Qube generated very strong operating cash flow for the year, which was used to fund its significant investments.

In August 2013, Qube extended the maturity of its \$550 million syndicated debt facility. This reduced interest expenses despite ongoing capital investment.

Qube completed an institutional placement in April this year and its related share purchase plan in May, which together raised \$248 million.

Qube finished the year in a strong financial position, with available cash and undrawn debt facilities of over \$415 million. Qube's leverage ratio was around 17%, well below the target range of 30-40%.

Qube now has significant capacity to fund growth, however will remain disciplined in its capital management and when considering acquisitions.

Qube's substantial investment to build scale means the Company is in a strong position to benefit from any improvement in economic conditions and underlying volumes. Qube expects to continue both investment and acquisitions to provide logistics solutions. Qube intends to support diversification, scale and growth but will remain focused on its core strategy. Qube management's expertise is unrivalled in providing innovative, valuable and reliable logistic solutions for import and export supply chains in Australia.

The Company is progressing development plans for the Moorebank precinct to create a major logistics hub delivering optimal outcomes for the precinct and Sydney.

Subject as always to the broader economic environment, Qube expects to deliver continued growth in revenue and earnings in both operating divisions, flowing through to strong underlying earnings per share.

In conclusion I would like to thank the Managing Director Maurice James, his management team and Qube's employees and contractors for making 2014 such a success.

Chris Corrigan  
Chairman

13 November 2014



# **Qube Holdings Limited Annual General Meeting 13 November 2014**



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References to 'underlying' and 'pro-forma' 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.

# Chairman's Address



# Managing Director's Presentation

The logo for QUBE, featuring the word "QUBE" in a bold, yellow, sans-serif font. The letter "Q" is stylized with a small square cutout at its top-left corner. The logo is positioned in the top right corner of the slide, set against a dark grey rectangular background.

## GROWTH AND DIVERSIFICATION

# FY 14 Growth and Diversification



## Record Financial Performance

- Both operating divisions continued to deliver record financial results
- Organic growth achieved in difficult environment
- Strong revenue and earnings growth as well as margin improvement

## Investment to build Quality and Scale

- Further diversification and enhancement of services and business mix through investment and strategic acquisitions in core markets
- Continued track record of investment in facilities and equipment to deliver superior customer service and drive future earnings

## Strategic Growth Options

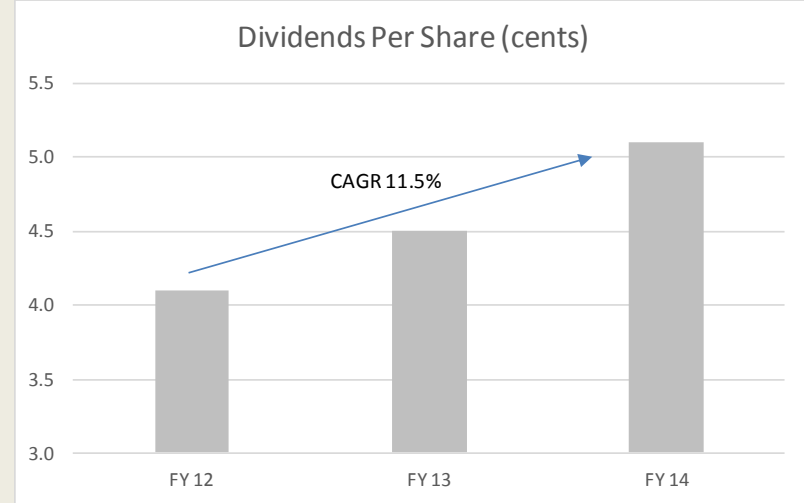
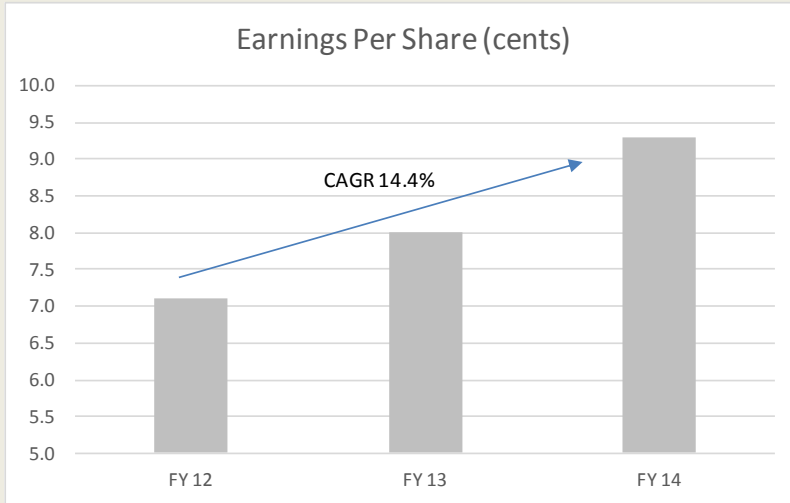
- Expansion of oil and gas and rural commodities logistics activities
- Progress on outstanding longer term growth options in Moorebank and Quattro

## Substantial Funding Capacity

- Cash and undrawn debt facilities of over \$415 million at 30 June 2014 to fund continued investment

# Key Financial Outcomes

## Underlying Results

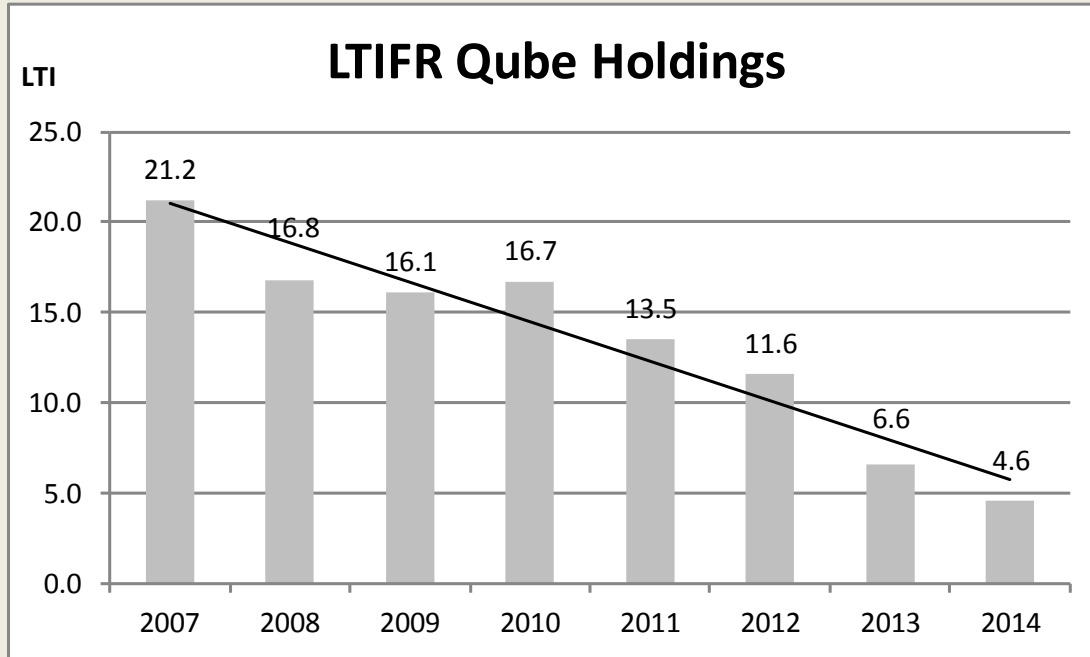


Qube has a history of consistently increasing underlying earnings per share and dividends

The underlying and pro-forma information excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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.

CAGR: Compound Annual Growth Rate

# Continued Focus on Safety



30% improvement  
in LTIFR from  
FY 13 to FY 14

LTIFR – Lost Time Injury Frequency Rate

# Key Financial Outcomes

## Statutory Results



Year ended 30 June	2014 (\$m)	2013 (\$m)	Change From Prior Year (%)
Revenue	1,223.2	1,082.1	13%
EBITDA	213.5	186.1	15%
EBITA	150.4	133.3	13%
EBIT	143.6	127.1	13%
Net Interest Expense	(27.2)	(32.7)	17%
Share of Profit of Associates	10.3	15.5	(33%)
Profit After Tax	93.3	81.1	15%
Non-Controlling Interest	(5.4)	(3.7)	(45%)
Profit After Tax Attributable to Shareholders	87.9	77.3	14%
Profit After Tax Attributable to Shareholders Pre-Amortisation	92.7	81.7	13%
Earnings Per Share (cents)	9.2	8.4	10%
Earnings Per Share Pre-Amortisation (cents)	9.7	8.9	9%
Full Year Dividend Per Share (cents)	5.1	4.5	13%
EBITDA Margin	17.5%	17.2%	0.3%
EBITA Margin	12.3%	12.3%	-

# Key Financial Outcomes

## Underlying Results

Year ended 30 June	2014 (\$m)	2013 (\$m)	Change From Prior Year (%)
Revenue	1,211.7	1,065.1	14%
EBITDA	214.3	181.6	18%
EBITA	151.3	128.8	17%
EBIT	144.4	122.6	18%
Net Interest Expense	(27.0)	(33.7)	20%
Share of Profit of Associates	10.7	15.5	(31%)
Profit After Tax	92.9	77.7	20%
Non-Controlling Interest	(4.3)	(3.7)	(16%)
Profit After Tax Attributable to Shareholders	88.6	74.0	20%
Profit After Tax Attributable to Shareholders Pre-Amortisation	93.4	78.3	19%
Earnings Per Share (cents)	9.3	8.0	16%
Earnings Per Share Pre-Amortisation (cents)	9.8	8.5	15%
Full Year Dividend Per Share (cents)	5.1	4.5	13%
EBITDA Margin	17.7%	17.1%	0.6%
EBITA Margin	12.5%	12.1%	0.4%

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# Logistics Division

QUBE



# Logistics Division

## At Formation

### Containers

- Import focused
- Road based
- Limited range of services

## Today

### Containers

- Import and export mix
- Road and rail operations
- Comprehensive range of services
- Strategic sites nationally

### Rural Commodities

- Road and rail operations
- Bulk rail
- Specialised transport
- Wool dumping
- Warehousing

Qube has significantly expanded its service capabilities and key markets since its formation in late 2006

QUBE



# Ports & Bulk Division

QUBE



# Ports & Bulk Division

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## At Formation

### Vehicles

- Stevedoring
- Facilities management

### Break-bulk

- Stevedoring  
(eg steel, timber)

## Today

### Vehicles

- Stevedoring
- Facilities management
- Processing
- Delivery to dealer

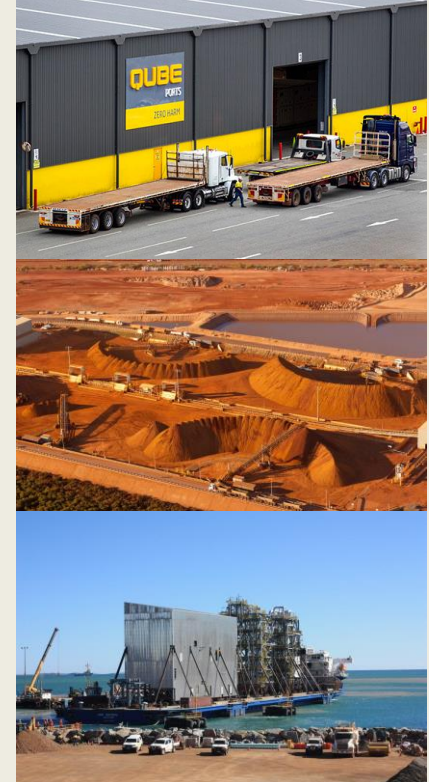
### Bulk Resources

- Stevedoring
- Stockpile management
- Warehousing
- Haulage

### Oil & Gas

- Stevedoring
- Supply base management
- Barge transfer and laydown
- Haulage

Qube has significantly expanded its service capabilities and key markets since its formation in late 2006



# Ports & Bulk Division



# Ports & Bulk Division

QUBE



# Ports & Bulk Division Associates



# Strategic Assets Division



# Strategic Assets Division

**QUBE**

At Formation

None

Today

## Moorebank

- Rail terminal
- Warehousing
- Related logistics activities

## Minto

- Rail terminal
- Warehousing
- Motor vehicle processing and distribution centre

## Quattro

- Grain storage
- Grain handling

Qube has significantly expanded its service capabilities and key markets since its formation in late 2006

Moorebank



Quattro



# FY 15 Trading Update and Outlook



## Q1 FY 15 Performance

- Both divisions achieving financial results in line with expectations
- Underlying macro conditions remain challenging in regards to volume growth and pricing pressures
- Qube continues to secure new business through customer focussed and innovative solutions

## Investment

- Integration and performance of OzTran acquisition (completed July 2014) proceeding to plan
- Continued investment in equipment and facilities including Vic Dock warehouse, Fremantle and a supply base in Darwin
- Acquired Australian Heavy Logistics (AHL) in September 2014 for approx. \$9.6 million (plus contingent consideration) to expand the service capabilities of Qube Ports
- CRT acquisition expected to be completed in December (subject to all remaining conditions precedent being satisfied)

## Outlook

- Subject to no material deterioration in economic conditions or commodity prices, Qube expects:
  - Both operating divisions to deliver revenue and earnings growth over pcip
  - Continued strong growth in underlying earnings per share in FY 15

# Thank you



# Appendix 1

## Reconciliation of 30 June 2014

### Statutory Results to Underlying Results

Year ended 30 June 2014	Logistics (\$m)	Ports & Bulk (\$m)	Strategic Assets (\$m)	Corporate and Other (\$m)	Consolidated (\$m)
<b>Net profit / (loss) before tax</b>	<b>49.9</b>	<b>77.2</b>	<b>28.8</b>	<b>(29.2)</b>	<b>126.7</b>
Add / (Subtract):					
Net interest expense	0.4	2.2	5.6	19.0	<b>27.2</b>
Depreciation and amortisation	26.0	43.5	0.4	-	<b>69.9</b>
Share of profit of associates	0.5	(11.0)	0.2	-	<b>(10.3)</b>
<b>EBITDA</b>	<b>76.8</b>	<b>111.9</b>	<b>35.0</b>	<b>(10.2)</b>	<b>213.5</b>
Fair value adjustments (net)	-	-	(11.2)	-	<b>(11.2)</b>
Impairment losses on investment in associates	1.8	7.2	-	-	<b>9.0</b>
Costs of legacy incentive schemes	2.5	0.5	-	-	<b>3.0</b>
<b>Underlying EBITDA</b>	<b>81.1</b>	<b>119.6</b>	<b>23.8</b>	<b>(10.2)</b>	<b>214.3</b>
Depreciation	(23.6)	(39.5)	-	-	<b>(63.1)</b>
<b>Underlying EBITA</b>	<b>57.5</b>	<b>80.1</b>	<b>23.8</b>	<b>(10.2)</b>	<b>151.3</b>

The underlying information excludes 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.

# Appendix 2

## Reconciliation of 30 June 2013

### Statutory Results to Underlying Results

Year ended 30 June 2013	Logistics (\$m)	Ports & Bulk (\$m)	Strategic Assets (\$m)	Corporate and Other (\$m)	Consolidated (\$m)
<b>Net profit / (loss) before tax</b>	<b>46.4</b>	<b>71.9</b>	<b>25.9</b>	<b>(34.3)</b>	<b>109.9</b>
Add / (Subtract):					
Net interest expense	1.0	2.1	3.9	25.7	<b>32.7</b>
Depreciation and amortisation	24.8	33.8	0.4	-	<b>59.0</b>
Share of profit of associates	(0.4)	(15.1)	-	-	<b>(15.5)</b>
<b>EBITDA</b>	<b>71.8</b>	<b>92.7</b>	<b>30.2</b>	<b>(8.6)</b>	<b>186.1</b>
Fair value adjustments (net)	-	-	(9.1)	0.2	<b>(8.9)</b>
Impairment losses on investment in associates	-	10.5	-	-	<b>10.5</b>
Costs of legacy incentive schemes	1.6	0.3	-	-	<b>1.9</b>
Release of contingent consideration payable	-	(8.0)	-	-	<b>(8.0)</b>
<b>Underlying EBITDA</b>	<b>73.4</b>	<b>95.5</b>	<b>21.1</b>	<b>(8.4)</b>	<b>181.6</b>
Depreciation	(23.1)	(29.7)	-	-	<b>(52.8)</b>
<b>Underlying EBITA</b>	<b>50.3</b>	<b>65.8</b>	<b>21.1</b>	<b>(8.4)</b>	<b>128.8</b>

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# Appendix 3

## Explanation of Underlying and Pro-forma Information



- Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude non-cash and non-recurring items such as fair value adjustments on investment properties, cost of legacy incentive schemes, impairments and release of contingent consideration payable to reflect core earnings. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates
- The FY 12 financial information included in this presentation has been prepared on a pro-forma basis. Refer to Qube's FY 12 or FY 13 accounts for an explanation as to the basis of preparation of the pro-forma information
- References to 'underlying' and 'pro-forma' 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