QUBE
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ASX and Media Announcement

Strategic Focus Delivers Continued Growth

Underlying Revenue up 18% and Underlying Qube NPAT up 19%

Qube Holdings Limited (Qube) today announced another successful result for the year ended 30 June 2015.

Key highlights for the full year include:

- Record underlying revenue and earnings with growth in both operating divisions
- Underlying[1] NPAT up 19% to $105.2 million ($111.1 million pre-amortisation)
- Strong cashflow generation supporting investment
- Statutory NPAT of $85.9 million ($91.8 million pre-amortisation)
- Exceptional outcome achieved on commercial agreement for Moorebank project
- Substantial improvement in safety performance
- Material improvement in capacity, pricing and terms of debt facilities
- Increase in full year dividend of 8% (fully franked)

Year ended 30 June	2015 ($m)	2014 ($m)	Change From Prior Year (%)
Statutory Revenue	1,459.3	1,223.2	19.3%
Stautory Qube NPAT	85.9	87.9	(2.3%)
Statutory Diluted EPS	8.1	9.2	(12.0%)
Underlying Revenue	1,432.0	1,211.7	18.2%
Underlying EBITA	172.4	151.3	13.9%
Underlying Qube NPAT	105.2	88.6	18.7%
Underlying Diluted EPS	10.0	9.3	7.5%
Underlying Diluted EPS Pre-Amortisation	10.5	9.8	7.1%
Full Year Dividend Per Share	5.5	5.1	7.8%
LTIFR*	3.2	4.6	(30.4%)

* Note: Lost time injury frequency rate (LTIFR) is the number of occurences of injury for every million hours worked.

Qube delivered pleasing underlying revenue growth in the year ended 30 June 2015 of 18% to $1.43 billion and underlying EBITA growth of 14% to $172.4 million. Qube's underlying net profit after tax increased by approximately 19% to $105.2 million and underlying earnings per share increased by 8% to 10.0 cents. Underlying earnings per share pre-amortisation increased to 10.5 cents from 9.8 cents.

Statutory revenue increased to approximately $1.46 billion (2014: $1.22 billion) and profit after tax attributable to shareholders, after the impact of the impairments noted below, was $85.9 million (2014: $87.9 million). Statutory diluted earnings per share were 8.1 cents (2014: 9.2 cents).

1 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. See Attachment 1 for further information.

Releasing the results, Qube's Managing Director, Maurice James said, "We are pleased with Qube's ability to grow underlying earnings per share despite volatile market conditions that impacted several of Qube's key markets and customers. This reflects the benefits of Qube's investment in facilities, technology and equipment to achieve scale, reduce costs and deliver a high level of customer service".

The Logistics division achieved a positive result with earnings growth and continued focus on cost reductions. The business maintained its strong market share despite the competitive environment, weather impacts and Port Botany rail disruption. The acquisition of CRT was successful with integration and synergies achieved ahead of internal targets.

The Ports & Bulk division delivered a very strong performance with continued high cashflow generation supporting investment. The business secured several new contracts in oil and gas, and bulk commodities, and expanded its product and geographic reach to forestry products in New Zealand through its acquisition of ISO. In the second half of the period, earnings were impacted by the conclusion of several major contracts and the restructure of the Atlas contract due to the rapid iron ore price decline.

The highlight in the period was the successful conclusion of negotiations with the Moorebank Intermodal Company (MIC) regarding a whole of precinct solution for Moorebank covering both Qube's majority owned 83 ha parcel of land and the Commonwealth Government's much larger 160 ha of land. Under the agreement, Qube (67%) and its partner Aurizon (33%) will be granted multiple leases for approximately 99 years over the Government's land to enable the development of import-export and interstate rail terminals as well as potentially around 850,000 sqm of warehousing.

"This is a transformational project for Qube which is expected to provide substantial opportunities for Qube's Logistics division across rail operations, terminal operations and warehousing – both direct and for third parties", Mr James said.

Additionally, the scale and nature of the property and warehousing development at Moorebank creates a unique opportunity for Qube to establish a new growth engine for the company covering property development, ownership and management focussed on tenants that will drive logistics demand for Qube's services.

Qube continued to improve its safety record with its Lost Time Injury Frequency Rate (LTIFR) decreasing by around 30.4% to 3.2 Lost Time Injuries (LTIs) per million hours worked.

Qube is pleased to announce that it will pay a fully franked final dividend of 2.8 cents per share, bringing the full year dividend to 5.5 cents, an 8% increase on the prior financial year. This reflects a payout ratio of around 55% of Qube's underlying earnings per share consistent with Qube's target payout ratio of 50-60% of underlying earnings per share.

The record date for the dividend is 9 September 2015 and the dividend will be paid on 7 October 2015. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

The statutory result was impacted by impairments included in the Ports & Bulk division relating to Qube's Utah Point and Dampier Transfer facilities. These impairments were partly offset by fair value gains in the Strategic Assets division reflecting the increased value of Qube's strategic investment properties at Minto and Moorebank.

A reconciliation of the statutory profit before tax to the underlying profit after tax attributable to shareholders for the year ended 30 June 2015 is set out in Attachment 1.

Outlook

Qube expects trading and economic conditions to remain challenging in FY 16.

As previously announced, Qube expects that, excluding the contribution from any new contracts or acquisitions, the underlying earnings from the Ports & Bulk division will be lower in FY 16 compared to FY 15. This is a result of the conclusion of three significant contracts and the revised terms of the Atlas contract that occurred in the second half of FY 15.

Qube's earnings in FY 16 are expected to benefit from organic growth, the full year contribution from acquisitions made in FY 15 and earnings contribution from Moorebank and Quattro.

Qube will continue to focus on driving efficiencies and reducing costs while delivering superior logistics solutions to maintain and grow its customer base.

Overall underlying earnings growth in FY 16 will depend on a range of factors including general economic activity, the competitive environment, Qube's ability to secure new contracts and undertake accretive acquisitions, and earnings contributions from Moorebank and Quattro.

A key priority for the company in FY 16 will be to progress the existing and potential strategic projects across the group that will drive sustainable, long term growth.

This includes achieving financial close on the Moorebank arrangements, commencing construction and progressing discussions with target tenants for the warehousing. In parallel with this, Qube will progress its assessment of the optimal ownership and funding options for the warehousing to be developed at Moorebank.

Qube will work closely with its partners in the Quattro grain joint venture to ensure that the new facility and related logistics activities that Qube will provide deliver the efficiency, reliability and financial returns when the facility commences operations during FY 16. Management will also assess other opportunities for further expansion in the rural commodities sector.

Qube will also work to finalise the arrangements for the recently announced joint venture with the TonenGroup which is expected to provide a new attractive growth segment for Qube in fuel terminal infrastructure initially at Port Kembla.

Qube will use its strong operating cashflow to invest in facilities and equipment to build scale, enhance Qube's competitive position, and will also assess suitable acquisitions that meet Qube's financial, strategic and risk criteria. This will ensure that Qube is well placed to improve margins and earnings when external and economic conditions improve.

Strategically, Qube continues to assess a broad range of acquisition and investment opportunities to provide further scale and competitive advantage and support continued long term earnings growth.

Further Enquiries

Paul White
Corporate Affairs
+61 417 224 920

Paul Lewis
Chief Financial Officer
+61 2 9080 1903

Attachment 1

Reconciliation of Statutory Results to Underlying Results

There were a small number of non-recurring and non-cash items included in the statutory results for the year ended 30 June 2015 that do not reflect the underlying financial performance of Qube.

A reconciliation of the statutory results to the underlying results for the year ended 30 June 2015 and the prior comparable period is presented below:

	FY 2015 $'000	FY 2014 $'000
Revenue from external customers	**1,459,253**	**1,223,192**
Fair value underlying adjustments	(27,101)	(11,223)
Other underlying adjustments	(184)	(224)
Underlying revenue	**1,431,968**	**1,211,745**
Net profit before income tax	**127,502**	**126,666**
Share of profit of associates	(10,445)	(10,336)
Net finance cost	25,209	27,223
Depreciation & amortisation	103,530	69,914
EBITDA	**245,796**	**213,467**
Impairment losses on investments in associates	-	9,080
Impairment on loan receivable from associate	2,500	-
Impairment of property, plant and equipment	42,360	-
Cost of legacy incentive schemes	2,208	2,934
Fair value gains (net)	(27,101)	(11,135)
Moorebank STI	1,689	-
Underlying EBITDA	**267,452**	**214,346**
Depreciation	(95,081)	(63,076)
Underlying EBITA	**172,371**	**151,270**
Amortisation	(8,449)	(6,838)
Underlying EBIT	**163,922**	**144,432**
Underlying Interest expense (net)	(22,735)	(27,047)
Underlying share of profit of associates	10,445	10,733
Underlying net profit before income tax	**151,632**	**128,118**
Income tax expense	(42,358)	(35,215)
Underlying net profit for the year	**109,274**	**92,903**
Underlying non-controlling interests	(4,062)	(4,313)
Underlying net profit after tax attributable to members	**105,212**	**88,590**
Underlying diluted earnings per share (cents per share)	10.0	9.3

The table above has been extracted from note 4 of the financial statements but is un-audited.

Underlying information is determined as follows:

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude certain non-cash and non-recurring items such as fair value adjustments on investment properties, cost of legacy incentive schemes and impairments to reflect core earnings. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.