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24 November 2015

ASX Announcement

Chairman's Address 2015 AGM

Ladies and Gentlemen, welcome to the Qube Annual meeting for 2015.

Clearly the primary focus at the moment for shareholders is the Company's proposal to acquire the assets of Asciano with two partners, Global Infrastructure Partners and Canadian Pension Plan Investment Board. I'll turn to that in a moment but first would like to reflect on the year just passed.

There's no doubt 2015 was a year of major achievements and significant challenges for Qube which delivered another successful result for shareholders.

Qube continued to produce good revenue and net profit growth in the face of worsening economic and industry specific headwinds. The Company is now clearly positioned as the leading provider of logistics solutions in the import and export supply chains.

The major achievement for 2015 financial year was reaching an agreement with the Commonwealth to develop Australia's largest logistics hub at Moorebank in South Western Sydney. This project will transform the movement, storage and distribution of freight in Sydney and will also provide a base of secure and sustainable earnings for Qube over the next decade as we develop this intermodal precinct.

The Company's greatest challenge for the year was to successfully navigate the decline in commodity prices in 2015 and the ensuing negative impact on some of our major customers. Our strategy of diversifying the group by product, geography and customer enabled Qube to ameliorate the downdraft of the commodity slowdown and to deliver this pleasing result.

Qube delivered record underlying revenue growth in the year 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 and profit after tax attributable to shareholders was $85.9 million.

Statutory diluted earnings per share were 8.1 cents.

The directors determined to 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.

Other highlights for the full year include:

- a substantial and continued improvement in safety performance across the Group;
- the announcement of a joint venture with Japan's Tonen Group to develop fuel storage facilities in Australia;
- construction of grain handling facilities at Port Kembla as part of our Quattro joint venture with key international grain trading partners; and
- the completion of several acquisitions and continued investment in equipment and facilities to support our long term growth.

Financial Strength

Qube completed a refinancing of its two syndicated debt facilities in December 2014 into a single larger $750 million facility. This provided the group with improved pricing and terms which will support continued growth. Qube's leverage ratio (net debt / net debt plus equity) was 27% at 30 June 2015 which remains below the bottom end of Qube's target leverage range of 30-40%.

At 30 June 2015, Qube had net debt of approximately $519 million. Available cash and undrawn debt facilities of over $260 million provide substantial funding capacity to pursue further investment.

Turning now to the proposed Asciano transaction.

As you are aware, Qube's management team is very familiar with the Asciano assets, having managed both Patrick terminals and Pacific National up until the acquisition by Toll in 2006.

They are businesses we know well, particularly the container terminal assets which we are hoping to acquire. However this proposed transaction is not about the past but very firmly about the future.

We believe Qube acquiring Asciano's first class Australian terminal assets would be genuinely transformational both for the Company and the Australian transportation market. It would realise synergies for Qube shareholders whilst significantly improving the efficiency of the broader logistics chain.

Qube believes it is able to provide the necessary long term vision and strategy to increase the performance of the Patrick terminal businesses by:

- accelerating the use of automation and other technologies to grow and improve the Patrick terminals businesses;
- delivering cost efficiencies at the Patrick terminals businesses;
- improving terminal operating systems; and
- improving road and rail interface performance.

Qube believes that the transaction, if it were to eventuate, would be highly accretive to Qube shareholders in the medium term.

There are many steps ahead in this process but I do wish to reassure shareholders that we will make sure that any acquisition is sensibly priced and meets Qube's strategic, financial and risk criteria.

Outlook

Turning now to the general outlook for the current financial year - Qube expects trading and economic conditions to remain difficult in FY 16.

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

Obviously the outcome of the Asciano proposal is uncertain but should we be successful in acquiring the container port assets, we would expect the transaction would be highly accretive to Qube shareholders in the medium term.

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 underlying trading performance in the first quarter of this financial year has been in line with management's expectations. The continued focus on cost reductions and delivering ongoing operational efficiencies has offset weaker revenue in some parts of the business. The second half of the financial year will benefit from some new haulage contracts in the Ports & Bulk division and the commencement of the Quattro grain facility and rail operations.

Key priorities for the Company in FY 16 will be financial close on the Moorebank arrangements, commencement of construction and progress with 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.

In conclusion I would like to thank the Managing Director Maurice James, his management team and the Company's thousands of employees and contractors for their continued contribution to Qube's long term success.

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Qube Holdings Limited
Annual General Meeting
24 November 2015

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QUBE
ABN 141 497 230 53

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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

FY 15 Highlights

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Financial Performance	• Pleasing underlying revenue and earnings growth with EBITA up 14% • Continued strong cashflow generation • Refinanced debt facilities, improving pricing and terms, and increasing capacity • Full year dividend increased by 8%, reflecting solid earnings growth
Business Operations	• Strong competitive position maintained reflecting innovative, competitively priced and quality logistics solutions • New contracts secured and no major contracts lost to competitors • Continued investment in facilities, technology, equipment and acquisitions to support long term growth • Further substantial improvement in safety outcomes
Growth Initiatives	• Agreement reached on Moorebank – transformational project for Qube • Progressed development of Quattro grain facility – operational in FY 16 • Post year end, announced new JV to develop fuel storage infrastructure
Challenges	• Competitive environment challenging with lower volumes and rate pressures in a number of areas • Reduced number of major new projects / developments, especially in resources and oil and gas • Trading and economic conditions not expected to improve in FY 16

Key Financial Outcomes

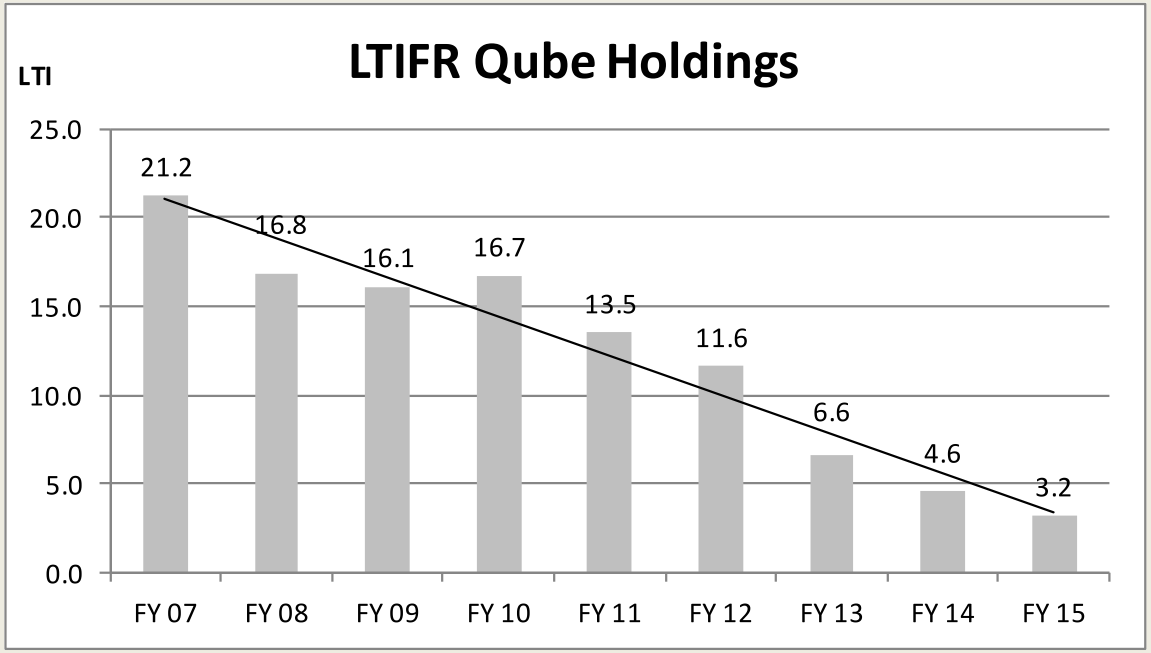
Qube has experienced significant growth in earnings and margins through organic growth, acquisitions and investments

Year ended 30 June	2011 ($m) Pro-forma	2012 ($m) Pro-forma	2013 ($m) Underlying	2014 ($m) Underlying	2015 ($m) Underlying	CAGR (%)* (2011 - 2015)
Revenue	**621.6**	**836.7**	**1,065.1**	**1,211.7**	**1,432.0**	**23%**
Growth (%)		35%	27%	14%	18%	
EBITDA	**69.7**	**112.7**	**181.6**	**214.3**	**267.5**	**40%**
Growth (%)		62%	61%	18%	25%	
Margin (%)	11.2%	13.5%	17.1%	17.7%	18.7%	
EBITA	**51.0**	**81.3**	**128.8**	**151.3**	**172.4**	**36%**
Growth (%)		59%	58%	17%	14%	
Margin (%)	8.2%	9.7%	12.1%	12.5%	12.0%	
EBIT	**50.6**	**75.1**	**122.6**	**144.4**	**163.9**	**34%**
Growth (%)		48%	63%	18%	14%	
Margin (%)	8.1%	9.0%	11.5%	11.9%	11.4%	
NPAT Attributable to Qube	**46.4**	**61.5**	**74.0**	**88.6**	**105.2**	**23%**
Growth (%)		33%	20%	20%	19%	

* Compound Annual Growth Rate

Refer Appendix 3 for explanation for Pro-forma and Underlying Information

Continued Focus on Safety



LTIFR – Lost Time Injury Frequency Rate

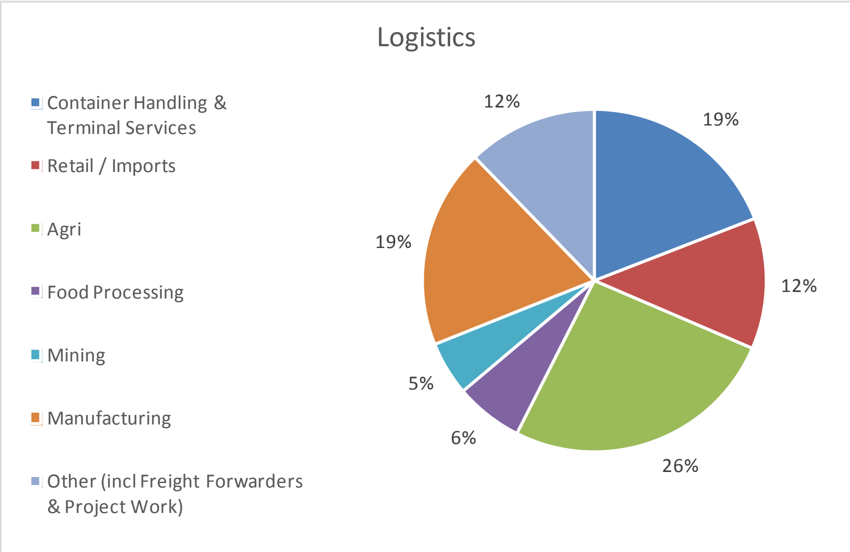
Continued improvement in safety outcomes

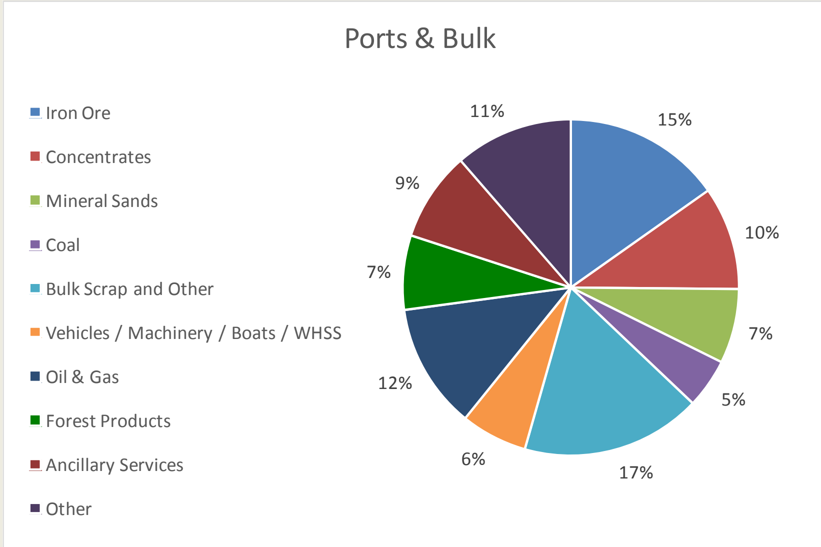
30% improvement in LTIFR from FY 14 to FY 15

85% improvement in LTIFR since Qube's establishment in FY 07

FY 15 Indicative Revenue Segmentation

Revenue by Product





Qube's diversification strategy has assisted in mitigating the impact of exposure to commodities and oil and gas

Logistics Division

Ports & Bulk Division

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Strategic Assets Division

Quattro Grain Joint Venture

TQ Holdings Joint Venture

Moorebank – Transforming Qube

Value Impact for Qube

Step change in logistics activities

- Increased port-rail activities
- Terminal operations
- Warehouse operations (direct and 3PL)
- Share of supply chain savings

New growth opportunities from property related activities

- Qube has management rights over entire Moorebank precinct
  – Property development
  – Asset management
  – Property leasing
  – Property ownership

Moorebank – Key Updates

Positive progress being made for the Moorebank development:

<u>Planning Approvals</u>

- Draft planning approval conditions received by SIMTA (Qube 67%/AZJ 33%) for SSFL rail link and IMEX Terminal
- Progress made by MIC for its required planning approvals
- MIC and SIMTA approvals remain on target for March 2016

<u>Development / Construction</u>

- Qube managed contract for MIC funded works to be awarded beginning of December (preferred contractor selected)
- Tender for IMEX Contractor being assessed – contract to be awarded in December

<u>Engagement with Future Moorebank Tenants</u>

- Positive response from early engagement with target tenants (to lease both existing and new warehousing)

The Qube Strategy in Action

Intermodal Terminals

- Qube is the largest operator of port related trains in Australia with rail terminals in all major states
- Rail is the most efficient way to transport containers to and from the port when the rail terminal is located in a key catchment area, particularly when the rail terminal has on-site warehousing
- The intermodal terminal at Moorebank, Sydney will be a unique opportunity to generate substantial value for Qube as it will combine substantial rail and warehousing capacity comprising:
  - an interstate terminal capable of handling 1,800 metre long trains and 500,000 TEU pa
  - an import-export rail terminal ultimately capable of handing more than 1,000,000 TEU pa; and
  - the development of approximately 850,000 square metres of warehousing over an expected ten year period.
- Qube has secured control of 100% of the warehouse development rights, the development, property and asset management rights as well as terminal operations

Automotive Terminals

- In the short-medium term, all new vehicle sales in Australia will be imported vehicles
- Qube has 50% interest in the only automotive vehicle terminal in Sydney and Brisbane (Asciano owns the other 50%).
- Qube is the largest automotive stevedore in Australia
- Qube also has a 25% interest in Prixcar, a motor vehicle processing, storage and distribution business

The Qube Strategy in Action

<u>Fuel Terminals</u>

- Refined petroleum product imports will increase in Australia following the closure of domestic refineries
- Australia's storage capacity is below international guidelines
- Qube has formed a joint venture with TonenGeneral, one of Japan's largest petroleum products refineries and a major importer of petroleum products into Australia to develop a fuel storage facility at Port Kembla and engage in targeted distribution activities

<u>Grain Terminals</u>

- Grain growers and traders have received poor service from the monopolistic grain loading
- Qube has formed a joint venture with three of the largest grain traders operating in Australia (Emerald, Noble and Cargill) to develop a competing grain loading facility at Port Kembla
- Qube Logistics has acquired rail locomotives and bulk wagons to provide an integrated service offering

Asciano Transaction – Overview

- Qube is a part of a consortium that has submitted a non-binding indicative proposal to acquire all of the issued share capital of Asciano not already owned by the consortium for an aggregate implied value of A$9.25 per Asciano share (“Proposed Transaction”).

- Under the Proposed Transaction, it is the intention of the consortium for Qube to acquire Asciano’s Patrick container terminal business and its interest in Australian Amalgamated Terminals, while its partners will acquire the rail business and other assets of Asciano.

- The consortium is presently undertaking due diligence on the Asciano business and expects to complete this process by mid-December.

- Qube has been engaging with the ACCC in relation to its proposal and is confident that its proposal addresses any ACCC concerns

Strategic Rationale for the Transaction

- ✓ Creates a marketing leading ports & logistics company which will deliver shareholder value over medium to long term
- ✓ Highly complementary portfolio of assets between Qube & Patrick
- ✓ Substantial synergies expected from the transaction
- ✓ Management team with significant strategic and operational expertise and knowledge of the Patrick assets
- ✓ Substantial growth opportunities within combined portfolio

Outlook

"The Journey Continues"

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FY 16: Optimise Existing Operations

- Focus on operational efficiencies and maximising asset utilisation
- Growth within core markets and activities (organic and acquisitions)
- Leverage innovative, integrated solutions to deliver cost and service benefits to customers
- Use strong cashflows to invest in strategic facilities / opportunities
- Q1-FY 16 earnings in line with expectations with lower revenue offset by continued cost reductions.
- Earnings growth will depend on factors including economic activity, competitive environment, Qube's ability to secure new contracts and undertake accretive acquisitions, and earnings contributions from Moorebank and Quattro

Medium Term: Focus on Strategic Infrastructure Opportunities

- Progress development of Moorebank
- Assess warehousing and rail activities to complement Moorebank
- Partner with businesses that will enhance Moorebank's success
- Deliver Quattro and TQ Holdings fuel JV to plan
- Investment in and acquire other strategic assets / businesses
- Ensure all investments fit Qube's strategic, financial and risk criteria

Focussed Strategy: Leverage Qube's Strengths

- Management expertise
- Scale and strategic assets near ports and rail
- Very efficient, low cost base
- Superior customer service through investment, innovation and quality facilities at strategic locations
- Well diversified
- Ability to grow organically and through acquisitions
- Strong balance sheet

Thank You

Appendix 1
Reconciliation of 30 June 2015
Statutory Results to Underlying Results

Year ended 30 June 2015	**Logistics ($m)**	**Ports & Bulk ($m)**	**Strategic Assets ($m)**	**Corporate and Other ($m)**	**Consolidated ($m)**
Net profit / (loss) before income tax	**51.8**	**62.8**	**46.4**	**(33.4)**	**127.5**
Share of (profit) / loss of associates	-	(10.5)	0.1	-	**(10.4)**
Net finance cost	-	2.0	3.1	20.2	**25.2**
Depreciation & amortisation	31.0	72.1	0.4	-	**103.5**
EBITDA	**82.7**	**126.4**	**49.9**	**(13.2)**	**245.8**
Impairment of loan receivable from associate	2.5	-	-	-	**2.5**
Impairment of property, plant and equipment	-	42.4	-	-	**42.4**
Cost of legacy incentive schemes	1.6	0.6	-	-	**2.2**
Fair value gains (net)	-	-	(27.0)	(0.1)	**(27.1)**
Moorebank STI	-	-	-	1.7	**1.7**
Underlying EBITDA	**86.8**	**169.3**	**23.0**	**(11.7)**	**267.5**
Depreciation	(28.1)	(66.9)	-	-	**(95.1)**
Underlying EBITA	**58.7**	**102.4**	**23.0**	**(11.7)**	**172.4**

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.

Appendix 2
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)
Net profit / (loss) before income tax	**49.9**	**77.2**	**28.8**	**(29.2)**	**126.7**
Share of (profit) / loss of associates	0.5	(11.0)	0.2	-	**(10.3)**
Net finance cost	0.4	2.2	5.6	19.0	**27.2**
Depreciation & amortisation	26.0	43.5	0.4	-	**69.9**
EBITDA	**76.8**	**111.9**	**35.0**	**(10.2)**	**213.5**
Impairment losses on investments in associates	1.8	7.2	-	-	**9.1**
Cost of legacy incentive schemes	2.5	0.5	-	-	**2.9**
Fair value gains (net)	-	-	(11.2)	0.1	**(11.1)**
Underlying EBITDA	**81.1**	**119.6**	**23.8**	**(10.1)**	**214.3**
Depreciation	(23.6)	(39.4)	-	-	**(63.1)**
Underlying EBITA	**57.5**	**80.1**	**23.8**	**(10.1)**	**151.3**

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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 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

- Pro-forma earnings have been prepared on the same basis as underlying earnings but include adjustments to demonstrate the underlying result for Qube as if the Qube Restructure had been completed on 30 June 2010

- Further information on the adjustments can be found in Qube's Annual Reports or on Qube's website www.qube.com.au

- 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