Qube Holdings Limited

Investor Presentation

FY 16 Interim Results

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QUBE
ABN 141 497 230 53

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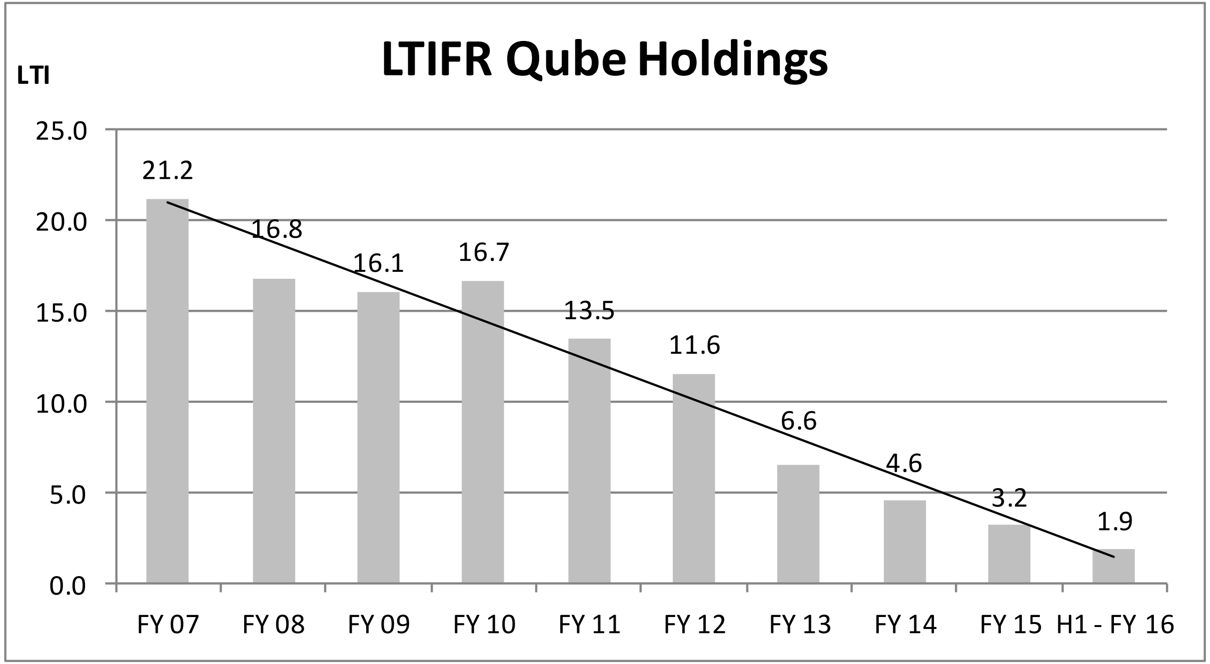
H1 – FY 16 Highlights

Financial Performance	• Delivered solid underlying group earnings in challenging environment • Continued focus on costs and operating efficiency to mitigate lower volumes and revenue • Operations continue to deliver strong cashflows
Business Operations	• Maintained competitive position through innovative, quality logistics solutions • Organic growth in customer base with no major customer losses • Further investment to support new contracts • Completion of new facilities in Fremantle, Vic Dock and Darwin to drive further margin improvement
Growth Initiatives	• Finalised early lease surrender with market surrender payment and site vacation of tenant at Moorebank. Creates ability to market existing and new warehousing to target tenants for integrated logistics solution • New Proposal being progressed to acquire the Patrick Container Terminals in a 50/50 joint venture with Brookfield consortium. Transaction expected to deliver substantial synergies and earnings accretion to Qube
Challenges	• Operating environment remains challenging, particularly for resources and oil and gas related activities • Trading and economic conditions not expected to improve in remainder of FY 16

Continued Focus on Safety



LTIFR – Lost Time Injury Frequency Rate

Continued to improve safety record

41% improvement in LTIFR from FY 15 to H1 – FY 16

91% improvement in LTIFR since Qube's establishment in 2007

H1 – FY 16 Highlights
Logistics

Financial Performance

- Achieved underlying earnings growth
- Continued margin growth from operational improvements and prior period investment in facilities
- Lower revenue reflecting declining volumes for existing customer base

Operations

- Continued organic growth in customer base helped offset declining volumes from existing customers
- Consolidation of sites and activities to drive further cost savings
- CRT acquisition integration ahead of expectations
- H2 will benefit from commencement of rail operations for Quattro Grain (from March 2016)
- Continuing to plan and engage with target customers for future Moorebank operations

H1 – FY 16 Highlights

Ports & Bulk

Financial Performance	

- Secured new customers and contracts as a result of innovative logistics solutions that deliver cost savings to customers (partly offset impact of contract completion / amendments in H2 – FY 15)
- Business improvement plan being finalised to achieve additional cost savings
- Revenue and cost initiatives to benefit from Q4 and increase in FY 17
- Results consistent with previous guidance and challenging environment for resources and oil and gas related activity

Operations

- Continued strength in vehicle imports and log exports
- Weakness in volumes in some areas for customer base in bulk sector
- Further reduction in activity in oil and gas sector
- Working with customers to re-engineer logistics activities to reduce costs while delivering required returns

H1 – FY 16 Highlights
Ports & Bulk Associates

AAT

- Increased earnings due to strong motor vehicle import volumes
- Project cargo and roll on roll off equipment volumes, particularly in Brisbane, continue to be impacted by the decline in major new projects

NSS

- Pleasing results from Townsville and logistics activities
- Continued reduction in activity levels in Gladstone as LNG related projects end
- Continued focus on maintaining market position and improving margins

Prixcar

- Reduced storage days compared to prior period
- Finalising additional cost reduction initiatives
- Loss of major contract to impact H2 (partly mitigated by new contract wins)

H1 – FY 16 Highlights

Strategic Assets

Moorebank	• Achieved favourable outcome from the early lease surrender and site vacation of tenant • Focus on achieving financial close with MIC and starting development of the broader project • Expect to receive income from existing warehousing and management fees from MIC funded infrastructure works from Q4 – FY 16
Quattro Grain	• Facility commissioned and storage of grain has commenced • Ship loader expected to be operational from March 2016 • Revenue and earnings expected from Q4 – FY 16
TQ Holdings	• Progressing planning approvals for fuel terminal storage facility at Port Kembla • M&A activity commenced to establish distribution capacity in target regions to support the terminal

H1 – FY 16 Financial Analysis

Key Financial Outcomes

Statutory Results

	H1 - FY 16 ($m)	H1 - FY 15 ($m)	Change From Prior Corresponding Period (%)
Revenue	689.5	727.0	(5.2%)
EBITDA	135.8	138.6	(2.0%)
EBITA	90.4	93.8	(3.6%)
EBIT	85.9	89.9	(4.4%)
Net Finance Costs	(13.9)	(13.2)	(5.3%)
Share of Profit of Associates	5.2	5.8	(10.3%)
Profit After Tax	55.7	60.3	(7.6%)
Non-Controlling Interest	(6.7)	(5.6)	(19.6%)
Profit After Tax Attributable to Shareholders	49.0	54.7	(10.4%)
Profit After Tax Attributable to Shareholders Pre-Amortisation	52.2	57.4	(9.1%)
Diluted Earnings Per Share (cents)	4.6	5.2	(11.5%)
Diluted Earnings Per Share Pre-Amortisation (cents)	4.9	5.5	(10.9%)
Interim Dividend Per Share (cents)	2.7	2.7	-
EBITDA Margin	19.7%	19.1%	0.6%
EBITA Margin	13.1%	12.9%	0.2%

Key Financial Outcomes
Underlying Results

	H1 - FY 16 ($m)	H1 - FY 15 ($m)	Change From Prior Corresponding Period (%)
Revenue	689.5	715.9	(3.7%)
EBITDA	138.7	129.7	6.9%
EBITA	93.3	84.9	9.9%
EBIT	88.8	81.0	9.6%
Net Finance Costs	(12.0)	(10.6)	(13.2%)
Share of Profit of Associates	5.2	5.8	(10.3%)
Profit After Tax	58.9	55.1	6.9%
Non-Controlling Interest	(6.7)	(2.0)	(235.0%)
Profit After Tax Attributable to Shareholders	52.2	53.1	(1.7%)
Profit After Tax Attributable to Shareholders Pre-Amortisation	55.4	55.8	(0.7%)
Diluted Earnings Per Share (cents)	4.9	5.1	(3.9%)
Diluted Earnings Per Share Pre-Amortisation (cents)	5.2	5.3	(1.9%)
Interim Dividend Per Share (cents)	2.7	2.7	-
EBITDA Margin	20.1%	18.1%	2.0%
EBITA Margin	13.5%	11.9%	1.6%

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Key Financial Outcomes

Segment Breakdown

H1 - FY 16	Logistics ($m)	Ports & Bulk ($m)	Strategic Assets ($m)	Corporate and Other ($m)	Total ($m)	H1 - FY 15 ($m)	Change (%)
Statutory							
Revenue	313.5	338.8	37.1	0.1	**689.5**	727.0	**(5.2%)**
EBITDA	49.2	63.6	31.6	(8.6)	**135.8**	138.6	**(2.0%)**
EBITA	33.7	33.8	31.6	(8.7)	**90.4**	93.8	**(3.6%)**
EBIT	32.3	30.9	31.4	(8.7)	**85.9**	89.9	**(4.4%)**
Underlying							
Revenue	313.5	338.8	37.1	0.1	**689.5**	715.9	**(3.7%)**
EBITDA	49.2	63.6	31.6	(5.7)	**138.7**	129.7	**6.9%**
EBITA	33.7	33.8	31.6	(5.8)	**93.3**	84.9	**9.9%**
EBIT	32.3	30.9	31.4	(5.8)	**88.8**	81.0	**9.6%**

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Logistics Division

	H1 - FY 16 ($m)	H1 - FY 15 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
Revenue	313.5	318.5	(1.6%)
EBITDA	49.2	45.7	7.7%
Depreciation	(15.5)	(13.5)	(14.8%)
EBITA	33.7	32.2	4.7%
Amortisation	(1.4)	(1.4)	-
EBIT	32.3	30.8	4.9%
Share of Profit of Associates	-	-	N/A
EBITDA Margin (%)	15.7%	14.4%	1.3%
EBITA Margin (%)	10.7%	10.1%	0.6%

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Ports & Bulk Division

	H1 - FY 16 ($m)	H1 - FY 15 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
Revenue	338.8	382.4	(11.4%)
EBITDA	63.6	79.1	(19.6%)
Depreciation	(29.8)	(31.3)	4.8%
EBITA	33.8	47.8	(29.3%)
Amortisation	(2.9)	(2.3)	(26.1%)
EBIT	30.9	45.5	(32.1%)
Share of Profit of Associates	5.8	5.9	(1.7%)
EBITDA Margin (%)	18.8%	20.7%	(1.9%)
EBITA Margin (%)	10.0%	12.5%	(2.5%)

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Ports & Bulk Division

Associates

Qube Share of Profit of Associates	H1 - FY 16 ($m)	H1 - FY 15 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
AAT	4.5	3.8	18.4%
NSS	1.3	2.0	(35.0%)
Prixcar	-	0.1	N/A
Total	**5.8**	**5.9**	**(1.7%)**

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Strategic Assets Division

	H1 - FY 16 ($m) Underlying	H1 - FY 15 ($m) Underlying	Change From Prior Corresponding Period (%)
Revenue	37.1	15.0	147.3%
EBITDA	31.6	11.3	179.6%
Depreciation	-	-	N/A
EBITA	31.6	11.3	179.6%
Amortisation	(0.2)	(0.2)	-
EBIT	31.4	11.1	182.9%
Share of Profit of Associates	(0.6)	(0.1)	(500.0%)
NCI Share of Qube's NPAT	(6.7)	(2.0)	(235.0%)
EBITDA Margin (%)	85.2%	75.3%	9.9%
EBITA Margin (%)	85.2%	75.3%	9.9%

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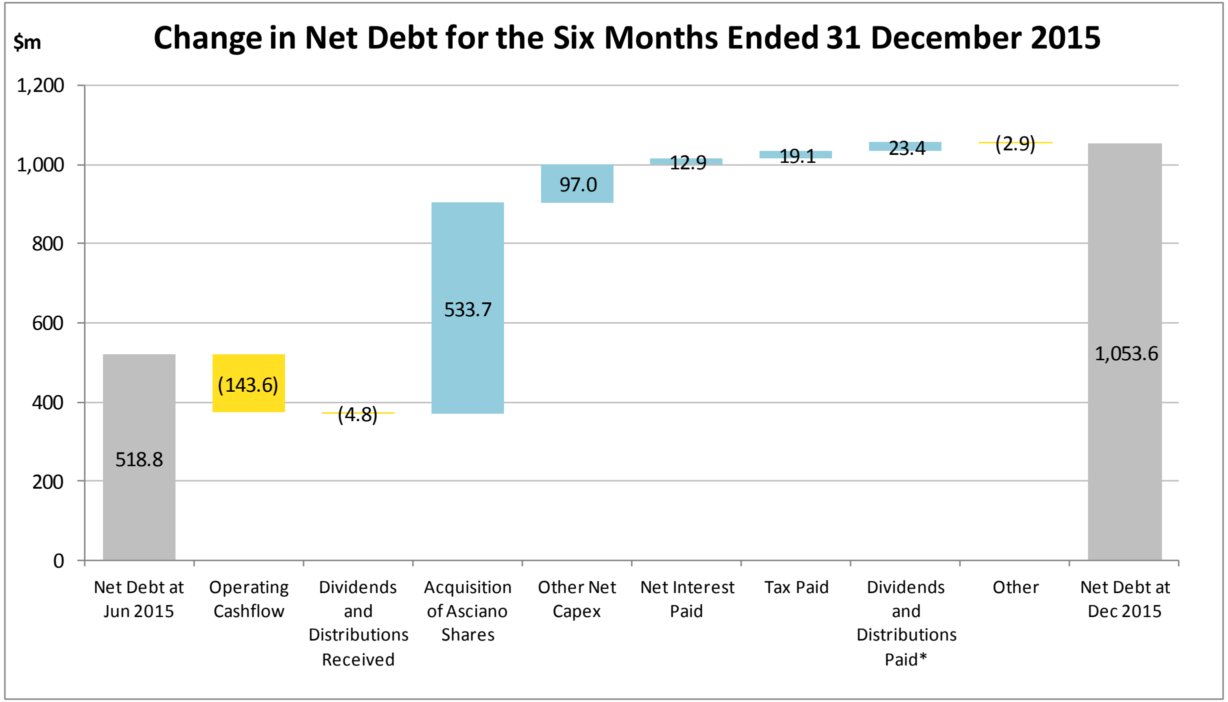
Cashflow and Financing

H1 – FY 16 Overview	• Businesses continued to generate strong operating cashflow • Cash conversion of >100%
Capex	• Completed investment in facilities to deliver scale and facilitate site consolidation • Equipment to support new contracts • Total capex of around $97 million including maintenance capex of around $32 million
Leverage	• Leverage at 42%, reflecting debt financing of purchase of Asciano shareholding • Expect leverage to return to target range of 30-40% post transaction completion
Funding Capacity	• New $500 million 12 month debt facilities to fund Asciano shareholding – commitment obtained to refinance into longer term debt upon successful Asciano transaction completion • At 31 December 2015, Qube had cash and undrawn debt facilities of around $220 million

Cashflow



* Dividends paid are net of the dividend reinvestment plan.

New Proposal for Asciano

Discussions in relation to a New Proposal to acquire Asciano

- Qube, GIP, CPPIB and CIC (the "Qube Consortium"), in conjunction with Brookfield Infrastructure and its partners (the "Brookfield Consortium"), has commenced discussions regarding a new proposal to acquire Asciano
- Under the indicative terms of the New Proposal being discussed:
  - Asciano shareholders would receive all cash consideration of $9.28 per share
    - Asciano able to pay fully-franked dividends to enable franking credits to be distributed to eligible shareholders. Consideration would be reduced by the amount of any dividends paid
  - Qube, in 50/50 joint venture with Brookfield Infrastructure and members of the Brookfield Consortium (or entities controlled by them) would acquire the Patrick Container Terminals business for $2,915 million (Qube's share: $1,457.5 million)
  - Brookfield Infrastructure and members of the Brookfield Consortium (or entities controlled by them) would acquire the Bulk & Automotive Port Services businesses (including the 50% interest in Australian Amalgamated Terminals (“AAT”)) for $925 million
    - Qube would have the option, subject to ACCC clearance, to acquire or nominate a third party to acquire, the 50% interest in AAT for $150 million
  - GIP, CPPIB, CIC and certain members of the Brookfield Consortium other than Brookfield Infrastructure would acquire the Pacific National rail business
- The discussions remain indicative, preliminary and non-binding and there is no agreement, arrangement or understanding between the parties at this stage
  - the New Proposal is subject to agreement of binding documentation between the parties and with Asciano and to the receipt of any necessary ASIC relief
  - in the event such documentation is not agreed, the Qube Consortium Proposal which was unanimously recommended by the Asciano board on 16 February 2016 will continue in accordance with the terms of the Bid Implementation Deed

Benefits of the New Proposal

The New Proposal would represent a common sense outcome that would deliver an attractive result for Qube and its shareholders

- ✓ **Qube would remain able to realise the substantial benefits associated with a combination and expects the transaction to remain highly accretive on a pro forma basis**
  - Patrick Container Terminals joint venture expected to be able to generate synergies consistent with the $30-50 million range previously identified by Qube, including synergies within Qube's existing operations
  - Additional benefits from the involvement of Brookfield Infrastructure as a new joint venture partner
- ✓ **Reduced complexity, time to implementation and risk of completion**
  - Structured to address issues raised by the ACCC
  - Would remove Qube's exposure to value risk on the divestment value of the BAPS business
  - Would remove Qube's exposure to the variable size of the Qube equity raising required under the current Qube Consortium proposal
- ✓ **Qube shareholders would capture all of the benefits expected to accrue from the transaction**
- ✓ **Reduced funding requirement for Qube**
- ✓ **Ongoing uncertainty for Asciano shareholders would be resolved while delivering an attractive, all cash price**

Overview of the Patrick assets to be acquired by Qube under the New Proposal

Australia's leading container terminals business

Patrick Container Terminals

To be acquired by Qube and Brookfield Infrastructure in a 50/50 JV

- Australia's leading container terminals business
- Holds lease concessions for and operates shipping container terminals in the four largest container ports in Australia:
  - Port Botany in Sydney
  - East Swanson in Melbourne
  - Fisherman Islands in Brisbane
  - Fremantle in Perth

Australian Amalgamated Terminals ("AAT") (50% interest)

Qube option to acquire for $150m, subject to ACCC approval

- Operates port terminals for importing and exporting motor vehicles and general cargo
- All major Australian ports except Fremantle
- Currently held in 50/50 JV with Qube
- Currently held within Asciano's BAPS division
- To be initially acquired by Brookfield

Synergies and Long Term Value Creation

Under the New Proposal, Qube expects that it would be able to realise the substantial benefits associated with a combination including synergies consistent with the range previously identified by Qube. Benefits would realised both within the joint venture and within Qube's existing business. Transaction expected to remain highly accretive on a pro forma basis

Estimated near term synergies and business improvement projects		Additional benefits from Brookfield as a JV partner	Expected longer term value creation
A$30-50m+ p.a. achieved over 2-3 years		**++++**	**++++**

Near term synergies

- Reduced head-office and divisional costs, increased purchasing power, consolidation of facilities and equipment
- Lower costs and improved service through enhanced efficiency of the logistics interface
- Productivity improvements in maintenance activities
- Incremental revenue opportunities

Business improvement projects

- Specific business improvement projects / investments
  - crane semi automation
  - lashing activities
  - Port Botany rail interface

Additional benefits from Brookfield as a JV partner

- One of the world's largest and most experienced infrastructure funds
- Significant existing footprint of port operations including container terminals operations in California and the UK
- Benefits of global relationships with international shipping lines

Expected longer term value creation

- Ability to ensure efficient rail operations at Port Botany and East Swanson which will improve the timing and quantum of potential cost savings
- Significant benefits for Moorebank and other inland terminal operators
  - the transaction is expected to accelerate the timeframe for delivery, reduce the risk and enhance the value of the Moorebank project
- Substantial efficiencies which will benefit the entire supply chain

Management Experience and Capability

Qube is a natural owner of the Asciano Patrick terminals business with an unmatched track record in maximising shareholder value within the Australian ports industry

Qube's management team has extensive experience and knowledge in:

- ✓ building and maintaining the Patrick terminals businesses
- ✓ delivering innovative solutions for customers
- ✓ delivering cost efficiencies at the Patrick terminals businesses
- ✓ the Australian waterfront industrial relations environment
- ✓ terminal automation and associated operating systems
- ✓ improvement in road/rail interface performance
- ✓ the strategies to retain customers and increase volumes across terminals and logistics activities

Highlights of Qube Post Transaction

The proposed transaction would create a market leading ports and logistics company

Highly complementary portfolios

- Asciano's national container terminal assets would be combined with Qube's third party logistics operations
- Combination of high quality asset bases

Substantial synergies expected from transaction

- Synergies expected from rationalisation of corporate structure
- Value creation from specific business improvement projects
- Major opportunities for longer term value creation, including through enhancing the Moorebank project
- Additional benefits from the involvement of Brookfield Infrastructure as a new joint venture partner, including from linkages to Brookfield's existing global network of port operations

Highly respected management team with significant strategic and operational expertise and knowledge of the Patrick assets

- Qube's management team responsible for building and managing the Patrick Container Terminals business prior to the acquisition by Toll

Significantly enhanced scale and market relevance

- Expected to rank well within the ASX100 index
- Gap in current opportunities to invest in sizeable, GDP-linked transport stocks in Australia following the acquisition of Toll and the proposed acquisition of Asciano

Substantial growth opportunities within combined portfolio

- Base business leveraged to a recovery in economic growth
- Significant additional upside from portfolio of growth projects, including Moorebank, the Quattro grain export joint venture and TQ Holdings fuel storage joint venture with TonenGeneral

Funding for the Transaction

Funding Structure

- Qube's share of the total transaction funding for the acquisition of the Patrick Container Terminals Business would be $1,457.5 million
(before transaction costs)
- Qube's funding would be met through a combination of:
  - non-recourse debt funding within the new Patrick Container Terminals joint venture;
  - additional Qube debt funding; and
  - a Qube equity raising, expected to be in the order of $600-$800 million, inclusive of :
    - a fully underwritten accelerated entitlement offer; and
    - an investment by CPPIB of an amount up to 9.9% of Qube's expanded issued capital (subject to necessary regulatory approvals)
- If a transaction is agreed, further details of Qube's funding structure will be announced at the point of entry into binding transaction documentation

Funding for the Transaction

Other Arrangements

- Subject to ACCC clearance, Qube would acquire from Brookfield Infrastructure the 50% interest in the AAT joint venture which Qube does not currently own for $150 million
  - if Qube does not receive the necessary clearance, it would be able to nominate a third party to acquire the interest and complete the acquisition within an agreed timeframe
- It is intended that Asciano's 50% interest in the ACFS Port Logistics Pty Limited joint venture ("ACFS"), currently held within the Patrick Container Terminals Business, would be acquired by Brookfield Infrastructure
  - if Brookfield Infrastructure retains the interest or it is sold to a third party, Qube would receive an adjustment to the purchase price for the Patrick Container Terminals Business equal to 50% of the market value of ACFS or the net proceeds from sale to a third party
- As part of the transaction, Qube would exit its existing Asciano shareholding at the offer price, realising gross proceeds of around $569 million and a profit of around $35 million. The sale proceeds would be applied towards reducing Qube’s existing debt

H1 – FY 16 Summary and Outlook

QUBE

Solid Financial Performance

- Diversified operations supported solid earnings and cashflow
- Focus on innovative solutions to reduce costs and add value to customers
- Interim dividend maintained at 2.7 cents (fully franked)

Progress with Strategic Assets

- Key milestone for Moorebank project with agreed lease surrender on favourable terms
- Projects continue to progress in accordance with expectations
- New income streams to commence from Q4 – FY 16

New Proposal for Asciano

- Discussions with Brookfield consortium to facilitate the acquisition of 100% of Asciano
- If successful, Qube and Brookfield consortium will acquire Patrick Container Terminals in a 50/50 joint venture. Qube will also have an option to acquire the 50% of AAT it does not currently own
- Transaction expected to deliver substantial synergies and earnings accretion to Qube

Outlook

- Focus is on progressing strategic assets development and delivering successful outcome on Asciano transaction
- Qube’s ability to deliver earnings growth in FY 16 will depend on a range of factors including new contract wins and volumes from its existing customer base
- Strong competitive position – well placed for long term growth

Questions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Appendix 1
Reconciliation of H1 – FY 16
Statutory Results to Underlying Results

H1 - FY 16	Logistics ($m)	Ports & Bulk ($m)	Strategic Assets ($m)	Corporate and Other ($m)	Consolidated ($m)
Net profit / (loss) before income tax	**32.5**	**35.9**	**30.9**	**(22.1)**	**77.2**
Share of (profit) / loss of associates	-	(5.8)	0.6	-	**(5.2)**
Net finance cost	(0.2)	0.8	(0.1)	13.4	**13.9**
Depreciation and amortisation	16.9	32.7	0.2	0.1	**49.9**
EBITDA	**49.2**	**63.6**	**31.6**	**(8.6)**	**135.8**
Asciano Ports Business acquisition related advisor costs	-	-	-	2.8	**2.8**
Moorebank STI	-	-	-	0.1	**0.1**
Underlying EBITDA	**49.2**	**63.6**	**31.6**	**(5.7)**	**138.7**
Depreciation	(15.5)	(29.8)	-	(0.1)	**(45.4)**
Underlying EBITA	**33.7**	**33.8**	**31.6**	**(5.8)**	**93.3**

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Appendix 2
Reconciliation of H1 – FY 15
Statutory Results to Underlying Results

H1 - FY 15	Logistics ($m)	Ports & Bulk ($m)	Strategic Assets ($m)	Corporate and Other ($m)	Consolidated ($m)
Net profit / (loss) before income tax	**29.0**	**50.3**	**18.8**	**(15.6)**	**82.5**
Share of (profit) / loss of associates	-	(5.9)	0.1	-	**(5.8)**
Net finance cost	0.1	0.8	3.2	9.1	**13.2**
Depreciation and amortisation	14.9	33.6	0.2	-	**48.7**
EBITDA	**44.0**	**78.8**	**22.3**	**(6.5)**	**138.6**
Cost of legacy incentive schemes	1.6	0.6	-	-	**2.2**
Fair value gains (net)	-	-	(11.0)	-	**(11.0)**
Other adjustments	0.1	(0.3)	-	0.1	**(0.1)**
Underlying EBITDA	**45.7**	**79.1**	**11.3**	**(6.4)**	**129.7**
Depreciation	(13.5)	(31.3)	-	-	**(44.8)**
Underlying EBITA	**32.2**	**47.8**	**11.3**	**(6.4)**	**84.9**

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Appendix 3
Explanation of Underlying 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

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