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**Half Year Results Presentation**

[qube.com.au](http://qube.com.au)

Further to the announcement of Qube's results for the half year ended 31 December 2013 earlier today, attached is the following document:

1. Investor Presentation – FY 2014 Interim Results

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# Qube Holdings Limited Investor Presentation – FY 14 Interim Results



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References to 'underlying' information is 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.

# Highlights



- Qube's increasingly diversified operations delivered continued growth in revenue and earnings
- Ongoing and significant improvement in safety performance
- Statutory Qube NPAT of \$41.2 million and earnings per share of 4.4 cents
- Underlying Qube NPAT of \$42.1 million (\$44.3 million pre-amortisation), a 10% increase on prior corresponding period (pcp)
- Underlying earnings per share up 9% to 4.5 cents (4.8 cents pre-amortisation)
- Interim dividend per share of 2.4 cents (fully franked), an increase of around 9% over pcp

# Highlights



- Record contribution from bulk resources logistics activities and solid performance from containerised logistics and vehicle stevedoring activities
- Strong progress on expansion into oil and gas related logistics activities
- Continued growth in logistics services for the rural commodities sector
- Several new contracts and growth projects secured during the period will contribute to future earnings growth
- Qube expects underlying earnings per share in H2 – FY 14 will be higher than H1 – FY 14 (subject to no material change in economic conditions)

# Key Financial Outcomes

## Statutory Results

|                                                                | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|----------------------------------------------------------------|---------------------|---------------------|-----------------------------------------------------|
| Revenue                                                        | 581.5               | 526.2               | 11%                                                 |
| EBITDA                                                         | 98.2                | 89.3                | 10%                                                 |
| EBITA                                                          | 70.0                | 63.8                | 10%                                                 |
| EBIT                                                           | 66.9                | 60.8                | 10%                                                 |
| Net Interest Expense                                           | (14.2)              | (17.2)              | 18%                                                 |
| Share of Profit of Associates                                  | 6.8                 | 8.9                 | -24%                                                |
| Profit After Tax Attributable to Shareholders                  | 41.2                | 34.7                | 19%                                                 |
| Profit After Tax Attributable to Shareholders Pre-Amortisation | 43.4                | 36.8                | 18%                                                 |
| Earnings Per Share (cents)                                     | 4.43                | 3.76                | 18%                                                 |
| Earnings Per Share Pre-Amortisation (cents)                    | 4.66                | 3.99                | 17%                                                 |
| Interim Dividend Per Share (cents)                             | 2.40                | 2.20                | 9%                                                  |
| EBITDA Margin                                                  | 16.9%               | 17.0%               | -0.1%                                               |
| EBITA Margin                                                   | 12.0%               | 12.1%               | -0.1%                                               |

# Key Financial Outcomes

## Underlying Results\*

|                                                                | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|----------------------------------------------------------------|---------------------|---------------------|-----------------------------------------------------|
| Revenue                                                        | 581.4               | 526.3               | 10%                                                 |
| EBITDA                                                         | 99.4                | 90.3                | 10%                                                 |
| EBITA                                                          | 71.3                | 64.9                | 10%                                                 |
| EBIT                                                           | 68.2                | 61.8                | 10%                                                 |
| Net Interest Expense                                           | (15.0)              | (17.0)              | 12%                                                 |
| Share of Profit of Associates                                  | 7.1                 | 8.9                 | -20%                                                |
| Profit After Tax Attributable to Shareholders                  | 42.1                | 38.4                | 10%                                                 |
| Profit After Tax Attributable to Shareholders Pre-Amortisation | 44.3                | 40.6                | 9%                                                  |
| Earnings Per Share (cents)                                     | 4.53                | 4.16                | 9%                                                  |
| Earnings Per Share Pre-Amortisation (cents)                    | 4.77                | 4.40                | 8%                                                  |
| Interim Dividend Per Share (cents)                             | 2.40                | 2.20                | 9%                                                  |
| EBITDA Margin                                                  | 17.1%               | 17.2%               | -0.1%                                               |
| EBITA Margin                                                   | 12.3%               | 12.3%               | 0.0%                                                |

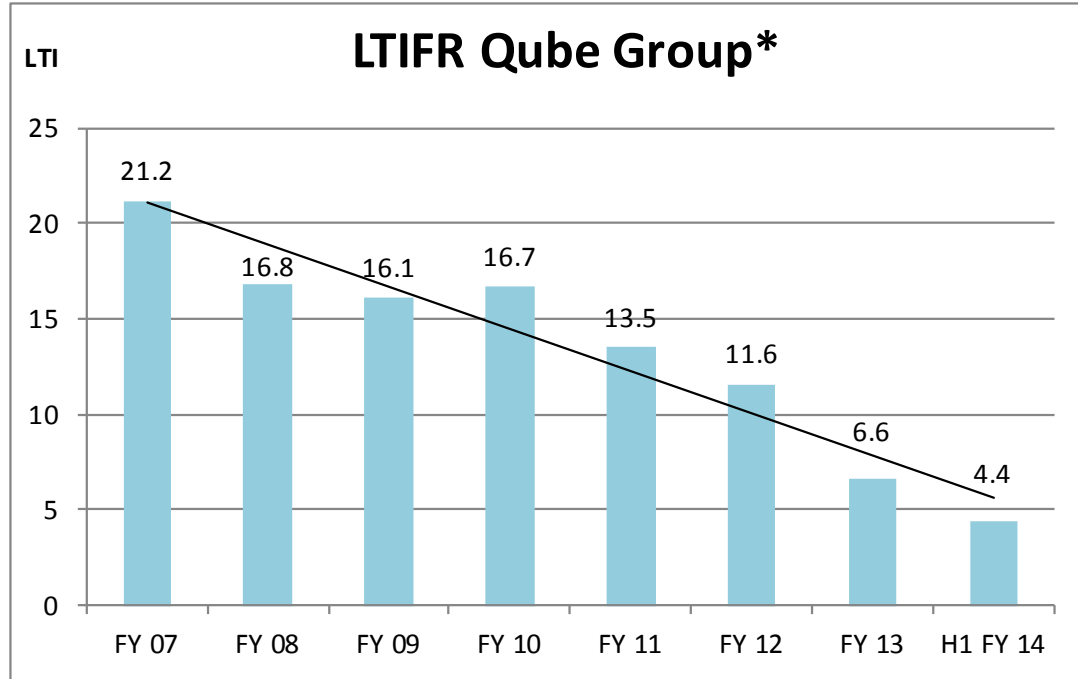
\*The underlying information excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review. Refer to Appendix 3 for an explanation of the underlying information.

# Key Financial Outcomes

| H1 - FY 14        | Logistics<br>(\$m) | Ports & Bulk<br>(\$m) | Strategic<br>Assets<br>(\$m) | Corporate<br>and Other<br>(\$m) | Total<br>(\$m) | H1 - FY 13 | Change<br>(%) |
|-------------------|--------------------|-----------------------|------------------------------|---------------------------------|----------------|------------|---------------|
| <b>Statutory</b>  |                    |                       |                              |                                 |                |            |               |
| Revenue           | 301.1              | 265.1                 | 15.2                         | 0.1                             | <b>581.5</b>   | 526.2      | <b>11%</b>    |
| EBITDA            | 41.8               | 50.3                  | 11.9                         | (5.8)                           | <b>98.2</b>    | 89.3       | <b>10%</b>    |
| EBITA             | 29.9               | 34.0                  | 11.9                         | (5.8)                           | <b>70.0</b>    | 63.8       | <b>10%</b>    |
| EBIT              | 29.0               | 32.0                  | 11.7                         | (5.8)                           | <b>66.9</b>    | 60.8       | <b>10%</b>    |
| <b>Underlying</b> |                    |                       |                              |                                 |                |            |               |
| Revenue           | 301.1              | 265.1                 | 15.2                         | 0.0                             | <b>581.4</b>   | 526.3      | <b>10%</b>    |
| EBITDA            | 43.0               | 50.4                  | 11.9                         | (5.9)                           | <b>99.4</b>    | 90.3       | <b>10%</b>    |
| EBITA             | 31.1               | 34.2                  | 11.9                         | (5.9)                           | <b>71.3</b>    | 64.9       | <b>10%</b>    |
| EBIT              | 30.2               | 32.2                  | 11.7                         | (5.9)                           | <b>68.2</b>    | 61.8       | <b>10%</b>    |

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# Enhanced Focus on Safety



Safety performance continues to improve

Safety, Health and Environment (SHE) functions centralised in Qube Corporate in FY 14

\* Rolling 12 months

LTIFR – Lost Time Injury Frequency Rate

LTI – Lost Time Injury

# Logistics Division

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# Logistics Division

|                               | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|-------------------------------|---------------------|---------------------|-----------------------------------------------------|
|                               | Underlying          | Underlying          |                                                     |
| Revenue                       | 301.1               | 272.5               | 10%                                                 |
| EBITDA                        | 43.0                | 41.1                | 5%                                                  |
| Depreciation                  | (11.9)              | (11.8)              | -1%                                                 |
| EBITA                         | 31.1                | 29.3                | 6%                                                  |
| Amortisation                  | (0.9)               | (0.8)               | -13%                                                |
| EBIT                          | 30.2                | 28.5                | 6%                                                  |
| Share of Profit of Associates | 0.2                 | 0.2                 | 0%                                                  |
| EBITDA Margin (%)             | 14.3%               | 15.1%               | -0.8%                                               |
| EBITA Margin (%)              | 10.3%               | 10.8%               | -0.5%                                               |

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# Logistics Division



- Solid result given continued subdued economic environment
- Secured several new rail contracts for rural commodities in late December / early January
- Completed IML Logistics acquisition in early December providing additional scale and diversity in Western Australia
- Victoria Dock development to be completed by March 2014
- Expect stronger result in the six months to June 2014 (compared to pcg) through new business, improved asset utilisation and margins, and the contribution from the IML Logistics acquisition

# Ports & Bulk Division

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# Ports & Bulk Division

|                               | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|-------------------------------|---------------------|---------------------|-----------------------------------------------------|
|                               | Underlying          | Underlying          |                                                     |
| Revenue                       | 265.1               | 240.9               | 10%                                                 |
| EBITDA                        | 50.4                | 42.9                | 17%                                                 |
| Depreciation                  | (16.2)              | (13.6)              | -19%                                                |
| EBITA                         | 34.2                | 29.3                | 17%                                                 |
| Amortisation                  | (2.0)               | (2.0)               | 0%                                                  |
| EBIT                          | 32.2                | 27.3                | 18%                                                 |
| Share of Profit of Associates | 7.0                 | 8.7                 | -20%                                                |
| EBITDA Margin (%)             | 19.0%               | 17.8%               | 1.2%                                                |
| EBITA Margin (%)              | 12.9%               | 12.2%               | 0.7%                                                |

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# Ports & Bulk Division



- Record earnings through improved scale and benefits from past capital investment
- Bulk activities delivered a very strong contribution with terminals, transport and stevedoring contributing to the result with record volumes
- Solid contribution from motor vehicle stevedoring in line with expectations
- Expansion of oil and gas related logistics activities
  - Chevron contract announced in September 2013 – expect greater contribution in the second half of FY 14 as training and mobilisation costs largely complete
  - Investment in new barge transfer facility at Dampier (expected to be operational from March 2014)
- Continued weakness in project and general cargo (especially imported steel)
- Expect stronger result in the six months to June 2014 (compared to pcg) from continued organic growth and the contribution from new contracts

# Ports & Bulk Division

## Associates

|                                            | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|--------------------------------------------|---------------------|---------------------|-----------------------------------------------------|
| <b>Qube Share of Profits of Associates</b> | <b>Underlying</b>   | <b>Underlying</b>   |                                                     |
| AAT                                        | 4.1                 | 5.0                 | -18%                                                |
| NSS                                        | 1.9                 | 2.7                 | -30%                                                |
| Prixcar                                    | 1.0                 | 1.0                 | 0%                                                  |
| <b>Total</b>                               | <b>7.0</b>          | <b>8.7</b>          | <b>-20%</b>                                         |

- The contribution from associates was down on the prior period but broadly in line with expectations

# Strategic Assets Division

|                               | H1 - FY 14<br>(\$m) | H1 - FY 13<br>(\$m) | Change From<br>Prior<br>Corresponding<br>Period (%) |
|-------------------------------|---------------------|---------------------|-----------------------------------------------------|
|                               | Underlying          | Underlying          |                                                     |
| Revenue                       | 15.2                | 12.9                | 18%                                                 |
| EBITDA                        | 11.9                | 10.2                | 17%                                                 |
| Depreciation                  | 0.0                 | 0.0                 | N/A                                                 |
| EBITA                         | 11.9                | 10.2                | 17%                                                 |
| Amortisation                  | (0.2)               | (0.2)               | 0%                                                  |
| EBIT                          | 11.7                | 10.0                | 17%                                                 |
| Share of Profit of Associates | 0.0                 | 0.0                 | N/A                                                 |
| NCI Share of Qube's NPAT      | (2.2)               | (1.8)               | 22%                                                 |
| EBITDA Margin (%)             | 78.3%               | 79.1%               | -0.8%                                               |
| EBITA Margin (%)              | 78.3%               | 79.1%               | -0.8%                                               |

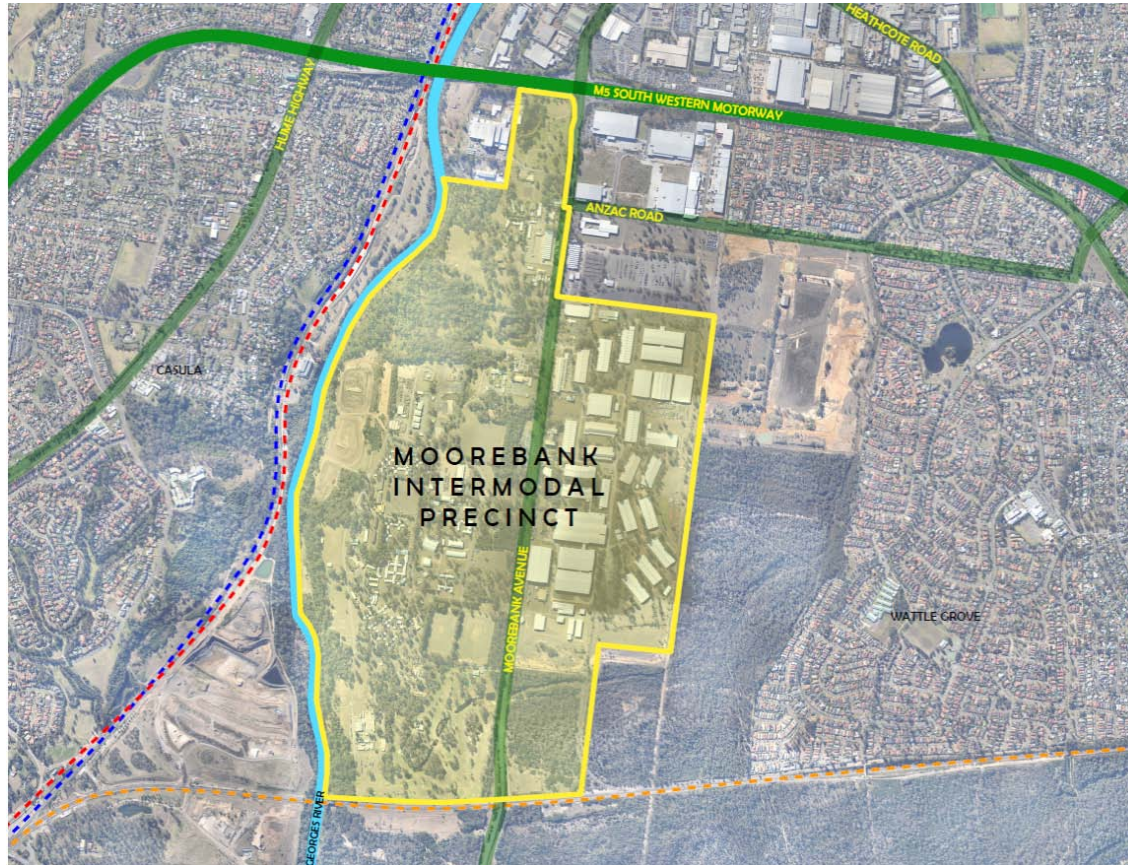
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# Strategic Assets Division



- Both strategic properties continued to generate strong reliable commercial yields
- Significant growth in revenue and earnings on pcpc reflects benefits in current period from higher lease rental income following Moorebank lease extension in March 2013
- In December 2013, Moorebank Intermodal Company (MIC) released an Expression of Interest (EOI) for the development of rail terminals and related logistics activities on the SME site (located across the road from Qube / Aurizon's Moorebank site (SIMTA site))
- The EOI sought operator led proposals covering only the SME site as well as alternative solutions including an integrated "whole of precinct" approach, incorporating the development of the SIMTA site
- SIMTA (Qube / Aurizon) is participating in the EOI process and aims to demonstrate the significant benefits to a broad range of stakeholders from adopting an integrated development approach covering both Moorebank sites

# Our Vision For Moorebank Precinct



# Our Vision For Moorebank Precinct

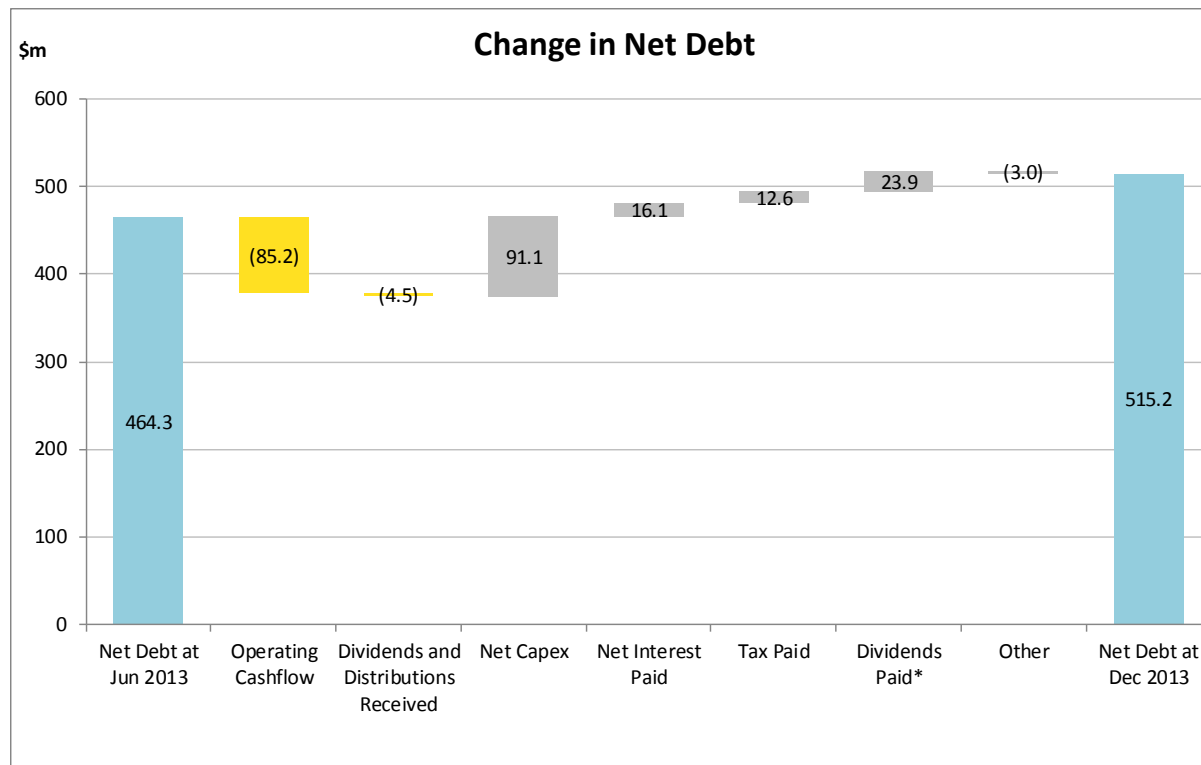


- Cooperative model with Commonwealth and State Governments and other key stakeholders to enable fast-track of development and maximise financial and non-financial benefits of the project
- Whole of precinct solution to provide maximum capacity and efficiency
- Open access model to maximise site utilisation and return on investment
- Development of interstate and import-export rail terminals
- Provision of extensive warehousing capacity
- Provides significant supply chain efficiencies and savings to customers
- Supports modal shift from road to rail with associated economic, environmental and safety benefits

# Cashflow and Financing

- Strong operating cashflow generated in the period used to fund growth
- Net debt increased by around \$50 million reflecting continued investment in facilities, equipment and the IML Logistics acquisition
- Interest expense benefitted from amendments to debt facilities
- Leverage towards the bottom end of Qube's target range of 30-40%
- Substantial undrawn debt capacity and strong cashflow to fund growth

# Cashflow and Financing



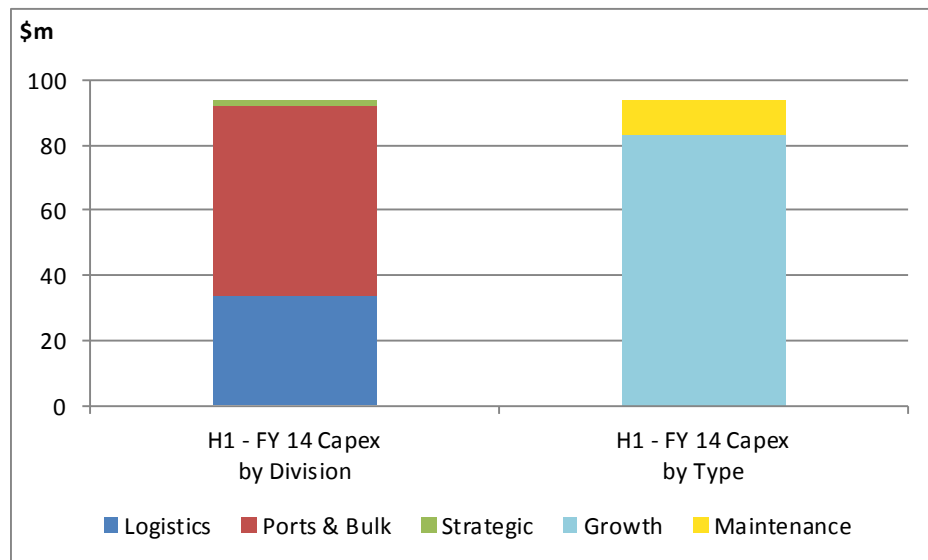
\*Dividends Paid – Net of DRP

# Financing

| Facility Type                         | Maturity of Facility | Balance at 31 Dec 2013 (\$m)* | Balance at 30 June 2013 (\$m)* |
|---------------------------------------|----------------------|-------------------------------|--------------------------------|
| Term Loan - Strategic Properties      | Jun-16               | 120.0                         | 120.0                          |
| Term Loan                             | Aug-16               | 200.0                         | 200.0                          |
| Revolver and Multi-Option             | Aug-18               | 210.0                         | 146.5                          |
| Finance Leases                        | Various              | 42.8                          | 55.5                           |
| <b>Gross Debt</b>                     |                      | <b>572.8</b>                  | <b>522.0</b>                   |
| Less: Cash                            |                      | (57.6)                        | (57.7)                         |
| <b>Net Debt</b>                       |                      | <b>515.2</b>                  | <b>464.3</b>                   |
|                                       |                      |                               |                                |
| <b>Qube Shareholders Equity</b>       |                      | <b>1,085.7</b>                | <b>1,062.7</b>                 |
| <b>Net Debt / (Net Debt + Equity)</b> |                      | <b>32.2%</b>                  | <b>30.4%</b>                   |

\*Excludes bank guarantees and letters of credit issued under Qube's facilities

# Capex



- Continued investment in equipment and facilities:
  - Completion of Vic Dock development
  - IML Logistics acquisition
  - Dampier Transfer Facility (DTF)
  - Mobile harbour cranes
  - Equipment for Chevron contract
- Additional investment to be undertaken in H2:
  - Completion of DTF
  - Fremantle development
  - Bulk haulage equipment
- Currently expect full year capex to be around \$150-\$200 million
- Investments continue to meet Qube's return hurdles
- Investment focus remains on delivering Qube's core strategy of realising value by driving improved efficiency of import-export logistics supply chains

# H1 – FY 14 Summary



- Growth in all divisions
- Revenue growth achieved in low growth environment, reflecting value of Qube's service offering
- Solid margins despite competitive conditions and subdued economic environment
- Important initiatives progressed to further diversify and grow the business
  - Expansion of oil and gas related logistics activities through Chevron contract and Dampier investment
  - Continued growth of rural commodities logistics solutions
- Secured several new contracts in both divisions to drive continued organic growth
- Reinforced Qube's position as a leading independent logistics provider delivering innovative solutions for participants across import and export supply chains

# Outlook



- Expect continued revenue growth as well as margin improvement in both operating divisions in H2 – FY 14 (compared to pcp) despite expectations of low growth economic environment
- Continued investment in facilities, technology and equipment to provide superior customer solutions and drive sustainable growth
- Qube expects underlying earnings per share in H2 – FY 14 will be higher than H1 – FY 14 (subject to no material change in economic conditions)
- Well positioned to benefit from any improvement in economic conditions

# Questions



# Appendix 1

## Reconciliation of H1 – FY 14

### Statutory Results to Underlying Results

| H1 - FY 14                                   | Logistics<br>(\$m) | Ports & Bulk<br>(\$m) | Strategic<br>Assets<br>(\$m) | Corporate<br>and Other<br>(\$m) | Consolidated<br>(\$m) |
|----------------------------------------------|--------------------|-----------------------|------------------------------|---------------------------------|-----------------------|
| <b>Net profit / (loss) before income tax</b> | <b>28.8</b>        | <b>37.4</b>           | <b>8.8</b>                   | <b>(15.4)</b>                   | <b>59.6</b>           |
| Share of profit of associates                | (0.2)              | (6.7)                 | -                            | -                               | <b>(6.8)</b>          |
| Interest income                              | (0.2)              | (0.2)                 | (0.1)                        | (0.2)                           | <b>(0.7)</b>          |
| Interest expense                             | 0.6                | 1.5                   | 3.4                          | 10.3                            | <b>15.7</b>           |
| Fair value of derivatives                    | -                  | -                     | (0.4)                        | (0.4)                           | <b>(0.9)</b>          |
| Depreciation & amortisation                  | 12.8               | 18.3                  | 0.2                          | -                               | <b>31.3</b>           |
| <b>EBITDA</b>                                | <b>41.8</b>        | <b>50.2</b>           | <b>11.9</b>                  | <b>(5.8)</b>                    | <b>98.2</b>           |
| Legacy incentive schemes                     | 1.2                | 0.2                   | -                            | -                               | <b>1.4</b>            |
| Fair value adjustments (net)                 | -                  | -                     | -                            | (0.1)                           | <b>(0.1)</b>          |
| <b>Underlying EBITDA</b>                     | <b>43.0</b>        | <b>50.4</b>           | <b>11.9</b>                  | <b>(5.9)</b>                    | <b>99.4</b>           |
| Depreciation                                 | (11.9)             | (16.3)                | -                            | -                               | <b>(28.2)</b>         |
| <b>Underlying EBITA</b>                      | <b>31.1</b>        | <b>34.2</b>           | <b>11.9</b>                  | <b>(5.9)</b>                    | <b>71.3</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 is 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 H1 – FY 13

### Statutory Results to Underlying Results

| H1 - FY 13                                   | Logistics<br>(\$m) | Ports & Bulk<br>(\$m) | Strategic<br>Assets<br>(\$m) | Corporate<br>and Other<br>(\$m) | Consolidated<br>(\$m) |
|----------------------------------------------|--------------------|-----------------------|------------------------------|---------------------------------|-----------------------|
| <b>Net profit / (loss) before income tax</b> | <b>27.2</b>        | <b>35.0</b>           | <b>7.9</b>                   | <b>(17.6)</b>                   | <b>52.6</b>           |
| Share of profit of associates                | (0.2)              | (8.7)                 | -                            | -                               | <b>(8.9)</b>          |
| Interest income                              | (0.4)              | (0.5)                 | (0.1)                        | (0.8)                           | <b>(1.8)</b>          |
| Interest expense                             | 1.2                | 1.3                   | 3.1                          | 13.4                            | <b>18.9</b>           |
| Fair value of derivatives                    | -                  | -                     | (0.8)                        | 1.0                             | <b>0.1</b>            |
| Depreciation & amortisation                  | 12.7               | 15.7                  | 0.2                          | -                               | <b>28.5</b>           |
| <b>EBITDA</b>                                | <b>40.4</b>        | <b>42.8</b>           | <b>10.2</b>                  | <b>(4.1)</b>                    | <b>89.3</b>           |
| Legacy incentive schemes*                    | 0.7                | 0.2                   | -                            | -                               | <b>0.8</b>            |
| Fair value adjustments (net)                 | -                  | -                     | -                            | 0.2                             | <b>0.2</b>            |
| <b>Underlying EBITDA</b>                     | <b>41.1</b>        | <b>42.9</b>           | <b>10.2</b>                  | <b>(3.9)</b>                    | <b>90.3</b>           |
| Depreciation                                 | (11.8)             | (13.6)                | -                            | -                               | <b>(25.4)</b>         |
| <b>Underlying EBITA</b>                      | <b>29.3</b>        | <b>29.3</b>           | <b>10.2</b>                  | <b>(3.9)</b>                    | <b>64.9</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 is 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 3

## Explanation of Underlying Information

- \* The FY 13 full year expense relating to legacy incentive schemes was \$1.9 million of which \$0.8 million related to H1 and \$1.1 million related to H2. The full year expense was added back to the FY 13 full year statutory results as part of the calculation of the underlying earnings for FY 13.
- Underlying Information is determined as follows:

**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, legacy incentive schemes, impairments and release of contingent consideration payable. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.
- References to 'underlying' information is 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.