



23 November 2023

QUBE HOLDINGS LIMITED
ABN 14 149 723 053

Level 27, 45 Clarence Street
Sydney NSW 2000

T: +61 2 9080 1900
F: +61 2 9080 1999

qube.com.au

ASX Announcement

Chairman's Address and Managing Director's Presentation – 2023 AGM

Attached are the:

- Chairman's Address; and
- Managing Director's Presentation,

in respect of the annual general meeting of Qube Holdings Limited to be held today.

Authorised for release by:

Adam Jacobs
Company Secretary, Qube Holdings Limited

Further enquiries:

Media:

Ben Pratt
Director, Corporate Affairs
ben.pratt@qube.com.au
+61 419 968 734

Analysts/Investors:

Paul Lewis
Group Investor Relations
paul.lewis@qube.com.au
+61 2 9080 1903

Chairman's Address

Before we reflect on our performance in FY23, I want to begin by acknowledging that in September of this year, a Qube employee sadly died in an incident at Qube's forestry harvesting operations in South Australia.

While the circumstances that led to this fatal incident remain the subject of investigation, on behalf of the board and management of Qube, I again want to extend our deepest sympathies to the family, friends and colleagues of the man who died.

We treat safety extremely seriously at Qube. As an employer of more than 9000 people across our operations, and with a number of risks inherent in our business, we are determined to make sure everyone who enters one of our sites leaves unharmed.

Through the course of this month and next, our operations teams in every part of our business will Stop for Safety, to reflect on the importance of safe work for themselves, their colleagues and their friends and family. As we head into the busy pre-Christmas period, and in the wake of the incident in South Australia, this is particularly timely and important.

Safety

That incident occurred after a year in which Qube recorded a strong safety performance. This included a 16% reduction from the prior year in Lost Time Injury Frequency Rate (LTIFR) to 0.63 per million hours worked.

This was a very pleasing outcome, reflecting a significant effort across the business to strengthen worker engagement in this important area, which Paul will talk more about shortly.

Financial performance

Turning now to our financial performance in FY23, and I am pleased to say it was another very good year for Qube. The business continued to perform strongly during the year despite some challenging economic conditions, including high inflation, increasing interest rates and geopolitical uncertainty.

Underlying revenue grew by 16% while underlying earnings growth (EBITA) increased by 27%. The business also achieved a net profit after tax (pre-amortisation) of \$239.6 million, which is an increase of 19% on the prior period.

This was largely driven by a very strong contribution from the Logistics and Infrastructure (L&I) business unit, which achieved high volumes across agriculture, automotive and container related logistics activities.

Underlying revenue in the L&I business increased by 18.9% to \$1.34 billion, and underlying EBITDA and EBITA increased by 46.1% and 54.2% to \$284.7 million and \$224.5 million, respectively. This was an exceptional result.

Revenues in the Ports and Bulk business unit also increased – up 14.3% to \$1.65 billion. However underlying EBITDA only increased by 0.7% to \$254.6 million and underlying EBITA decreased by 2.8% to \$133.3 million which was weaker than anticipated

Patrick delivered underlying growth in revenue and EBITDA of around 6.9% and 9.2% to around \$780.6 million and \$305.5 million, respectively which was a sound result given imported container volumes did weaken in the second half of FY23.

Dividend

As shareholders are aware, given the strength of the Group's results, the Board determined to increase ordinary dividends by 28.6% to 8.1 cents per share, fully franked.

This means that over the five-year period to 30 June 2023, Qube's total shareholder return was around 34%, which is a positive outcome.

Of course, the key drivers of our FY23 performance, and of the strength of the business overall, is Qube's commitment to its strategy of diversification across markets and geographies, together with its operational capabilities.

Together, these attributes give the business the agility and capability to withstand downturns in any one sector and help ensure that we are resilient against economic cycles – which will continue to be important against the backdrop of continuing high inflation.

Acquisitions

During FY23, Qube continued to build on that strategy of diversifying across markets and geographies with two key acquisitions – the purchase of Kalari here in Australia and an initial 50% share in Pinnacle in New Zealand, which we have since announced is now 100% owned by Qube.

Kalari is a leading logistics provider to the Australian mining and resources industry, specialising in on-road and off-road bulk haulage. The business services a range of Tier 1 customers with significant mining operations, predominantly across Queensland and South Australia and this acquisition enhanced Qube's existing resources logistics offering.

Since completing the acquisition in May, the Qube and Kalari leadership teams have undertaken a significant program of work to successfully integrate Kalari into Qube's systems and processes, while continuing to deliver excellent customer service for Kalari's customers.

In New Zealand, Pinnacle operates both port-based and standalone facilities in nine locations throughout New Zealand under its wholly owned Specialised Group and MetroBox brands. Pinnacle provides predominantly tier one customers with a range of services including container storage and handling, refrigerated container maintenance and repair, container transport and warehousing.

As I have already noted, Qube initially acquired a 50 percent stake in the business and earlier this month purchased a second tranche to take full ownership of the business, building on our existing port logistics presence throughout New Zealand.

Paul will talk some more about that shortly.

Investing for the future

While much of our growth in FY23 was achieved organically, Qube continued to undertake substantial investment in the period, spending around \$365.3 million on growth related capex.

This included the continued construction of the import-export (IMEX) and Interstate rail terminals at the Moorebank Logistics Park (MLP).

The two MLP rail terminals, when fully operational and at scale, are expected to generate attractive financial returns for Qube and also be important in facilitating modal shift from road to rail.

While we did have a dispute with the former head contractor for the interstate terminal during the period, I am pleased to report that a new contractor is in place and we remain committed to meeting completion of that project in H2 FY24.

We now have a short video which we released with our results in August which I would like to play to provide shareholders with an update on how that site has developed and how Qube's investments will help unlock the future of freight in New South Wales and the country.

Summary and outlook

So, to conclude my formal remarks, while inflationary pressures remain and there is some uncertainty as to the economic outlook, through a combination of our diversified operations, balance sheet strength, experienced management and operational team and network of strategic infrastructure and extensive operating assets, Qube is well placed to continue prospering in FY24.

Paul will talk more about performance in the first quarter of this year shortly – suffice to say Qube's underlying earnings are expected to continue to benefit from high volumes across most commodities and markets, while the business is well-placed to continue to achieve organic growth from existing as well as newly acquired businesses.

I would like to thank my Board colleagues for their commitment and collegiality through FY23, as well as Qube's exceptional management team and 9000 strong workforce for their hard work and dedication to making Qube Thrive.

Finally, thank you to our shareholders for your ongoing support of Qube and the vital role we play in delivering for our customers and the country.



Allan Davies
Chairman, Qube Holdings Limited

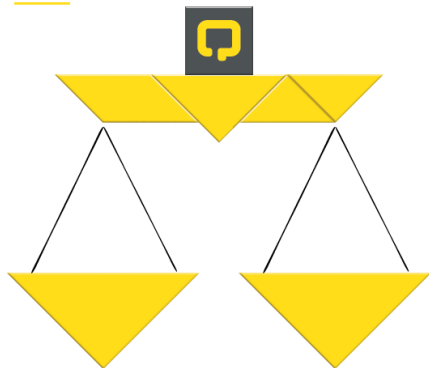
23 November 2023

Managing Director's presentation



Our plan to Thrive

OUR VALUES



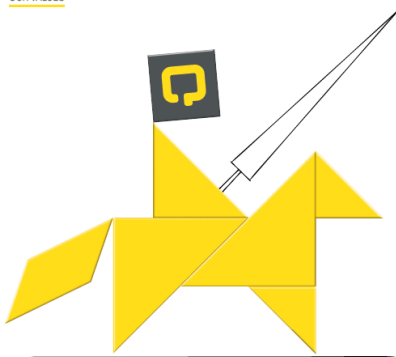
Integrity.

We believe in doing everything with honesty, transparency, and commitment. All deserve to be treated with respect.



The stuff that matters.

OUR VALUES



Reliability.

We believe in doing what we said we'd do, when we said we'd do it, safely and securely. Trust is earned and we know how to earn it.



The stuff that matters.

OUR VALUES



Inclusion.

We believe in collaboration, a voice for all and diversity of thinking. Working together takes us all further.



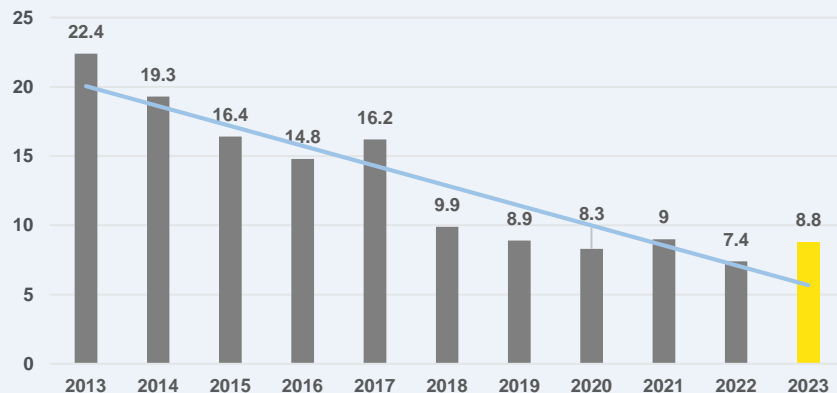
The stuff that matters.

Safety Performance

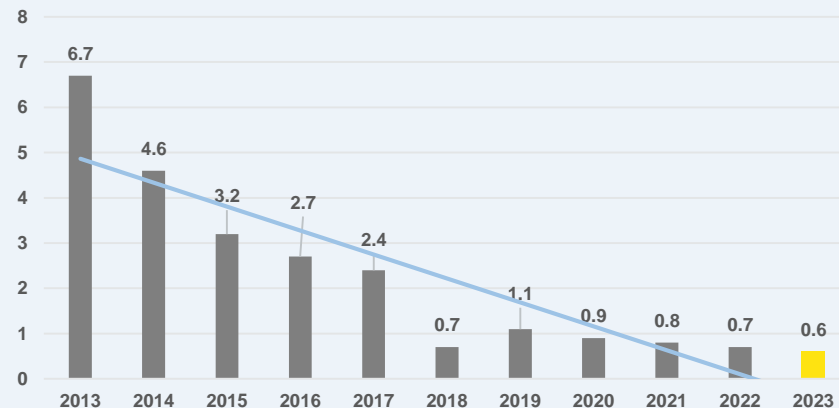
CONTINUE TO FOCUS ON EMPLOYEE SAFETY OUTCOMES

SAFETY & HEALTH PERFORMANCE

Qube TRIFR FY 13- FY 2023



Qube LTIFR FY13-FY2023



In FY23, Qube:

- Achieved a 16% reduction in its LTIFR in FY23 while TRIFR increased by 19% - both metrics compare favourably to industry benchmarks, reflecting Qube's extensive and ongoing focus on delivering improved safety outcomes.
- Achieved our Critical Incident Frequency Rate (CIFR) target of 1.0.
- Exceeded our targets for critical risk verifications, corrective action closure rates and training compliance.
- Implemented a number of innovation projects including facial recognition to enhance site access and safety, a new reporting system to track training and safety compliance and use of virtual reality to enhance training.

Notes:











1. TRIFR is the combined number of recordable Return to Work, Medical Treatment Injuries and Lost Time Injuries for every million hours worked.

2. LTIFR is the Number of Lost Time Injuries for every million hours worked.

FY23 Highlights

STRATEGY DELIVERED RECORD UNDERLYING RESULTS IN THE PERIOD

KEY FINANCIAL METRICS¹

 +14.4%	Statutory Revenue \$2,879.8 million	 +16.2%	Underlying Revenue \$2,989.9 million
 +22.1%	Statutory EBITA \$273.8 million	 +26.8%	Underlying EBITA \$280.3 million
 +31.7%	Statutory NPAT \$167.9 million	 +21.1%	Underlying NPAT \$224.8 million
 +27.6%	Statutory NPATA (NPAT pre-amortisation) ² \$181.8 million	 +19.4%	Underlying NPATA (NPAT pre-amortisation) ² \$239.6 million
 +37.3%	Statutory EPSA (EPS pre-amortisation) ² 10.3 cents	 +28.3%	Underlying EPSA (EPS pre-amortisation) ² 13.6 cents

Notes:

1. Statutory figures include discontinued operations. A reconciliation of FY23 statutory to underlying results is included in slide 42.

2. NPATA is NPAT adjusted for Qube's amortisation and Qube's share of Patrick's amortisation. EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.

3. A special dividend of 0.7 cents per share was also declared for FY22 which was mainly attributable to the MLP monetisation outcome.

























The underlying information referenced throughout this presentation excludes discontinued operations and certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. 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.

YEAR IN REVIEW

- Strong underlying earnings growth and high cashflow generation reflected quality and diversity of Qube's operations.
- Continued to undertake substantial growth capex (around \$365 million), including on warehouses, equipment and acquisitions to drive future growth.
- Improved Group ROACE to 9.1% (from 8.0% in FY22) - on track to achieve target of 10%+.
- Conservative financial position with gearing of around 24% and available, undrawn facilities and cash of around \$1.04 billion at June 30, 2023.
- Results, financial strength and positive outlook supported a full year ordinary dividend of 8.1 cents per share (fully franked), a 28.6% increase on the ordinary dividend paid in FY22³.
- Well positioned for continued revenue and earnings growth into FY24 and beyond despite macro challenges.

FY23 Performance Overview – Qube Key Markets

DIVERSIFICATION ACROSS MARKETS, PRODUCTS, CUSTOMERS AND GEOGRAPHIES SUPPORTED CONTINUED GROWTH DESPITE SOME CHALLENGES

KEY MARKETS	FY23 REVENUE PERFORMANCE	FY23 MARGIN PERFORMANCE	FY23 PERFORMANCE OUTCOME	FY24 OUTLOOK (as at August 2023)	FY24 OUTLOOK (as at November 2023)
CONTAINERS	Strong across all key activities (inc transport, container parks and stevedoring) although softened in H2, particularly impacting Patrick	Strong improvement reflecting benefits of scale and higher volumes across fixed infrastructure			
AGRICULTURE	Strong reflecting high grain harvest (consistent with FY22)	High margins reflecting stable volumes across fixed infrastructure			
AUTOMOTIVE	Strong reflecting high volumes across stevedoring and infrastructure	Higher margins across infrastructure activities partly offset by reduced margins across stevedoring due to congestion			
FORESTRY (NZ)	Weak in H1 (China demand) and early H2 (cyclones) with only limited improvement in Q4	Weak margins reflecting weather impact and lower volumes			
FORESTRY (AUS)	Significant improvement in activity levels	Weak margins reflecting labour shortages			
RESOURCES	Steady volumes	Weak margins reflecting labour shortages and lag in recovering cost increases			
ENERGY	Reasonable growth reflecting new projects and ramp up of existing projects	Solid margins reflecting stability of business (although reflects no / low margin revenue items)			
OTHER	Positive across most commodities	Solid margins reflecting stability of business			

Q1 FY24 Update

QUBE'S UNDERLYING FINANCIAL PERFORMANCE HAS BEEN SOLID AND CONSISTENT WITH GUIDANCE FOR DELIVERING UNDERLYING EARNINGS GROWTH IN FY24 ¹.

Key highlights

- Earnings growth ahead of Q1 FY23 for all business units reflecting:
 - Generally solid volumes in line with expectations across most activities;
 - Margin improvement reflecting benefits of scale, efficiencies and impact of prior year rate adjustments;
 - Higher automotive volumes which offset weaker agri and New Zealand forestry volumes;
 - Domestic forestry volumes broadly in line with expectations and early signs of improvement in New Zealand forestry volumes;
 - Skilled labour availability continues to be a challenge in some parts of the business and inflationary pressures are continuing.
- Increased market share and high volumes for Patrick although this is expected to moderate; and
- Other associates also performing above Q1 FY23.

Delivering on our strategy to diversify by geography and market

In FY24, Qube has completed three bolt-on acquisitions comprising two company purchases and one asset acquisition, and continues to have a healthy pipeline of opportunities under consideration.



Agri Rail Terminal, Storage and Handling Facility at Narrabri (NSW)

- 18 hectare site with 7 warehouses and 3 grain bunkers
- Customers can be serviced by Qube Rail Enhances Qube's NSW agri grain network



Remaining 50% interest in Pinnacle (NZ)

- Increases Qube's ownership to 100%
- Financial metrics are consistent with those for the initial interest
- Transaction supported by existing Pinnacle management, workforce and customer base
- Pinnacle and Qube's ISO NZ business to be rebranded as Qube during FY24



Stevenson Logistics (WA)

- Established container transport and logistics operator located in the port precinct of North Fremantle
- Expands Qube's capabilities and exposure to the hay/agri export market in WA
- Opportunity for significant revenue and cost synergies

Decarbonisation

AIMING TO BE A SUPPLY CHAIN LEADER IN THE TRANSITION

FY23 emissions reduction outcomes

↓ 3%

Reduction in
Scope 1
emissions¹

↓ 3.6%

Reduction in
Scope 2
emissions¹

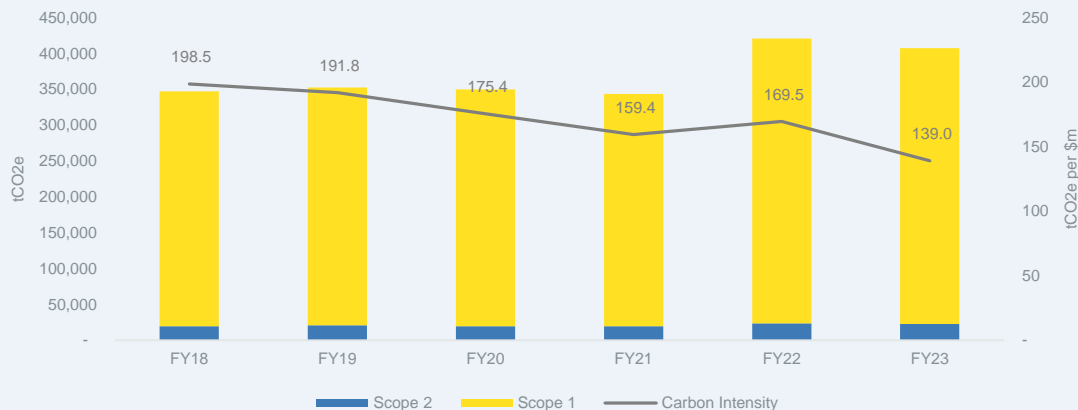
↓ 18%

Reduction in
emissions
intensity¹

↓ 30%

Reduction in
emissions intensity
against our FY18
baseline

Greenhouse gas emissions (tCO2-e)



1. Compared with FY22

FY23 emissions numbers include two months of Kalari data

To address Scope 1 direct emissions from owned or controlled assets, we are continuing to:

1. Transition 95% of our fleet to Euro 5/6 standards by 2027 (currently at 90% as at June 30, 2023).
2. Convert 50% our Light vehicle fleet to hybrid or electric by 2027 and 70% by 2030.
3. Continue to electrify our small yellow assets (61 were battery operated as at June 30, 2023).
4. Identify opportunities to trial alternative fuels such as bio-fuel, hydrogen and electrification of fleet where it's commercially viable.
5. Improve productivity and efficiency by encouraging modal shift and through innovations to carry more load such as container double stacking, trailer combinations and route optimisation.

We address our Scope 2 indirect emissions from the purchased electricity across our premises by:

1. Continuing to rollout roof-top solar on our facilities. Currently 15 sites are being evaluated.
2. Continuing to rollout LED upgrade initiatives. A majority of Qube owned sites now have LEDs.
3. Evaluating renewable Power Purchasing Agreement (PPA) opportunities in both east and west coasts.

As we progress with our sustainability reporting journey, for the next reporting year, Qube will be working towards full implementation of the TCFD recommendations and preparing for the introduction of ISSB standards

Qube's Vision and Strategy

FOCUSSED STRATEGY TO DELIVER A SUSTAINABLE COMPETITIVE ADVANTAGE

To be the leading provider of integrated logistics services for import, export and targeted domestic supply chains in Australasia and selective international locations

OPERATIONAL FOCUS		FINANCIAL FOCUS	
	<ul style="list-style-type: none"> Attract and retain a highly experienced management team and workforce 		<ul style="list-style-type: none"> Maintain strong balance sheet with high liquidity to support continued investment through economic cycles
	<ul style="list-style-type: none"> Strong focus on safety, innovation and culture 		<ul style="list-style-type: none"> Ensure lean cost structure with a high degree of variability in the cost base
	<ul style="list-style-type: none"> Diversify by market, customer, product/service and geography 		<ul style="list-style-type: none"> Ensure that Qube remains highly diversified and agile to mitigate against any economic downturn that may impact any of Qube's key markets
	<ul style="list-style-type: none"> Build scale, expand and enhance existing capabilities Plan for and deliver a decarbonisation road map Drive innovation at all levels within the business Ongoing investment including on assets, infrastructure, technology and people Focus on delivering positive customer and shareholder outcomes Ensure everybody engaged with Qube, Thrives 		<ul style="list-style-type: none"> Ongoing focus on risk identification and mitigation, including protections against inflationary factors
			<ul style="list-style-type: none"> Drive financial accountability at all levels within the business Ensure everybody engaged with Qube, Thrives

Qube's FY24 Outlook

The pleasing start to FY24 supports Qube's expectation that it will deliver underlying earnings growth in FY24 compared to FY23, albeit below the strong growth rate that was achieved in FY23. The extent of earnings growth remains difficult to forecast given the various opportunities, challenges and uncertainty across Qube's core markets.