

22 November 2017

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Chairman's address and Managing Director's Presentation – 2017 AGM

qube.com.au

Chairman's Address

2017 was a very successful year for Qube as the company completed major strategic acquisitions while still managing to grow earnings and revenue in our core businesses around Australia.

Our balance sheet is strong with diversified funding sources and low gearing positioning the company well for continued growth in the years ahead.

The transformational Moorebank project remains on track with new tenants signing up. However, before turning to the detail, I must begin by thanking and acknowledging my predecessor Chris Corrigan who stepped down as Chairman just prior to the end of the 2017 financial year. As many of you know, it was Chris and our deputy chairman Sam Kaplan, who 10 years ago began assembling the assets which would become Qube today.

Under Chris' leadership, Qube has grown from a two hundred million dollar investment fund to being an ASX top 100 company with a market capitalisation of more than four billion dollars. I can say confidently that Chris realised his vision of Qube becoming a major player in the freight logistics market in Australia bringing overdue efficiencies to the import export supply chain.

As the new Chairman, I know I have big shoes to fill and hopefully I won't disappoint our shareholders and employees. I am well supported by the board in this job and also welcome our new director Sue Palmer. Sue brings a wealth of operational and board experience to Qube and we are all looking forward to her contributions to Qube.

Financial Result

The FY17 financial year saw the completion of several major acquisitions which have substantially enhanced the quality of Qube's asset base and long term earnings. Qube also significantly strengthened its balance sheet underpinned by an increased and diversified funding capacity.



Highlights for the period include:

- Good revenue and earnings growth from both Logistics and Ports & Bulk divisions which were brought together under a Chief Operating Officer for the first time.
- Continued focus on safety with a further 8% improvement in lost time injuries and recordable injuries.
- The completion in August 2016 of the acquisition of a 50% interest in Patrick in conjunction with Brookfield who owns the other 50%.
- The completion in November 2016 of the acquisition of an additional 50% interest in AAT giving Qube a 100% ownership interest.
- The completion in December 2016 of the acquisition of Aurizon's 33% interest in the Moorebank land and related project, giving Qube a 100% ownership interest.
- The achievement in January 2017 of financial close with the Moorebank Intermodal Company (MIC), effectively being day 1 of the Moorebank project.
- Successful completion of a range of funding initiatives to ensure that Qube has the funding capacity and structure to support continued growth in the business over the long term.

Since the end of the financial year, we have also announced that Target Australia will become a major tenant at Moorebank and negotiations with other potential tenants are well advanced.

Dividend

The Board has determined to declare a final dividend of 2.8 cents per share fully franked, thereby maintaining the full year dividend at 5.5 cents per share as in the prior year.

The Board believes this quantum of dividend is appropriate taking into account the increased earnings from the operating divisions, the stability of Qube's underlying EPSA compared to the prior year, the unrealised value creation at Moorebank and Qube's positive long term outlook.

Outlook

In FY18 Qube expects overall market conditions to remain similar to FY17 with pressure on rates from the ongoing competitive dynamics in Qube's key markets. However, Qube will continue to seek to deliver growth and maintain its strong market position through its innovative and reliable logistics solutions and strong cost focus.

The Logistics and Ports & Bulk divisions are both expected to deliver underlying revenue and earnings growth.

The extent of growth in earnings in the Ports & Bulk division will be influenced by conditions across commodity markets, particularly strength in forestry volumes, vehicle volumes as well as any recovery in activity levels in the oil and gas sector.

The earnings from the Logistics division's Sydney operations will be impacted in FY18 by additional interim operational costs as the business waits for the Moorebank Logistics Park's facilities to be developed over the next two years.

It is anticipated that the Sydney operations will commence consolidating some of its existing activities at Moorebank from FY19. The earnings from the Logistics division are also expected to be impacted by the poor grain harvest. As a result, only modest earnings growth is currently expected from the Logistics division in FY18.

The earnings from the Strategic Assets division will include a full period's contribution from AAT which is benefitting from strength in passenger vehicles and mining related equipment despite reduced earnings from AAT's Melbourne operations, as well as increased management fees for MIC funded works at Moorebank.

Modest warehouse rental income is expected from the existing warehouses at Moorebank. The capex from this division is expected to increase significantly in FY18 as the Moorebank development ramps up.

Earnings from Minto Properties are expected to be lower in FY18 while the capex for the new Mazda lease is undertaken with earnings then increasing from FY19 onwards.

The contribution from Patrick will depend on several factors, most importantly market sector growth and Patrick's market share (including Patrick's success in securing any available new business) during the period. Management is also focussing on cost reductions and the achievement of the target synergies / cost efficiencies to mitigate the impact of the ongoing rate pressures.

At this stage, Patrick is expected to contribute a modest increase in underlying earnings to Qube in FY18 compared to FY17 (being interest income and share of profit after tax).

In FY17, through the acquisitions of 50% of Patrick, Aurizon's Moorebank interests and the other 50% of AAT, Qube has assembled a unique portfolio of high quality and strategic infrastructure assets that will drive efficiencies across the logistics supply chain.

In the shorter term, while Qube is undertaking the investment to develop some of these assets, its earnings will not reflect the substantial value that is being created.

However, despite its significant investment and ongoing competitive market conditions, Qube continues to expect to report an increase in underlying earnings, being NPAT (pre-amortisation) in the 2018 financial year.

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 continued success.

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Qube Holdings Limited Annual General Meeting 22 November 2017

QUBE



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Non-IFRS financial information has not been subject to audit or review.

Chairman's Address

(as above)

2017 – Delivering A Platform For Growth



Transforming Logistics Supply Chains



FY 17 Group Highlights

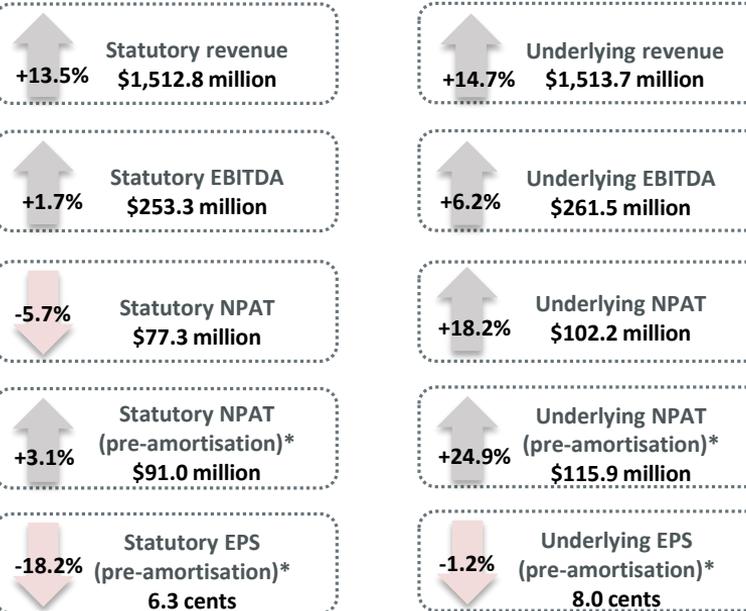
Delivering a platform for continued growth



Year in review

- Revenue and earnings growth across both operating divisions
- Continued strong cash flow generation through scale, technology, efficiencies and ongoing cost focus
- Completed three strategic acquisitions substantially enhancing the quality of Qube's assets and long term earnings
- Completed several funding initiatives to support growth while maintaining a conservative balance sheet
- Financial Close reached for the Moorebank Logistics Park project and increased ownership to 100% of the project, providing Qube full control over the project and future earnings
- Full year dividend maintained at 5.5 cents per share (fully franked)
- Statutory earnings lower than underlying earnings mainly due to non-recurring acquisition and restructure costs relating to the Patrick acquisition, as well as two impairments which were largely offset by fair value gains on Qube's investment properties

Key metrics

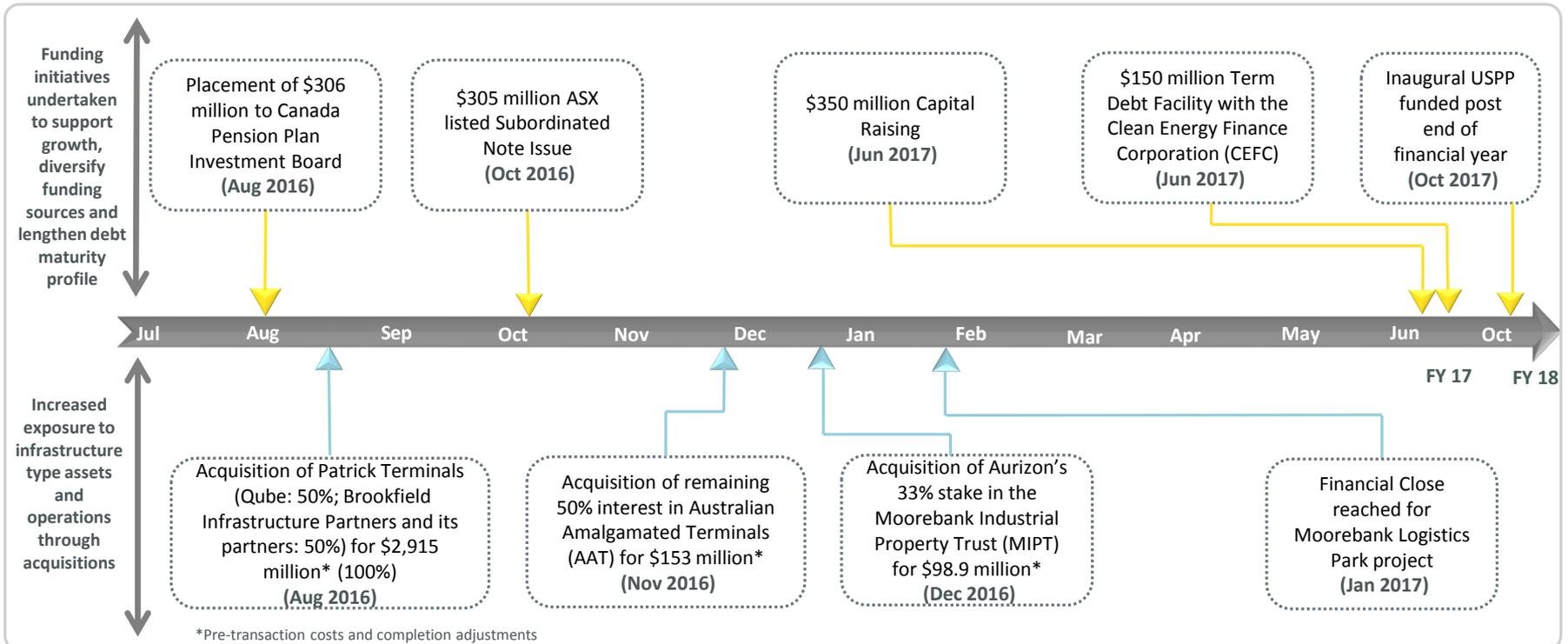


*Adjusting for Qube's amortisation and Qube's share of Patrick's amortisation

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.

FY 17 Strategic milestones

Qube completed strategic acquisitions and proactively addressed funding needs



Qube Today

Geographical presence



Western Australia

- Fremantle Freight Terminal
- Fremantle Freight Empty Park
- Jandakot Freight Terminal



South Australia

- Outer Harbor Intermodal Terminal
- Regional Terminals

Victoria

- Vic Dock Intermodal Terminal
- Vic Dock Warehouse Facilities
- Dynon Intermodal Terminal
- Dynon Empty Park
- Altona Freight Terminal
- Altona Warehouse

- Ports & Bulk
- Strategic Assets
- Logistics

Queensland

- Brisbane Port Freight Terminal
- Brisbane Port Empty Park
- Acacia Ridge Intermodal Terminal
- Toowoomba Freight Terminal
- Townsville Freight Terminal
- Innisfail Freight Terminal
- Cairns Freight Terminal
- Brisbane Port AAT

New South Wales

- Port Botany Empty Park
- Yennora Intermodal Terminal
- Macarthur Intermodal Terminal
- Regional Terminals
- Moorebank Logistics Park
- Minto properties
- Port Kembla AAT
- Port Kembla Quattro



- Approx. 4,700 employees and contractors
- Working across over 80 locations in Australia and New Zealand
- Market capitalisation of around \$4.1 billion
- Leading positions in its core markets

Qube Today

Operating divisions and strategic investments



Logistics Division

- Provides broad range of services for import and export of containerised cargo
- Offers integrated solution suite covering multiple aspects of the supply chain
- Operates nationally across 36 sites in Australia including in all capital city ports and has an expanding footprint in inland metropolitan and country regional areas with connections to Australian ports



Ports & Bulk Division

- Provides broad range of logistics services for the import and export of mainly non-containerised freight
- Focus on automotive, bulk and break bulk products including vehicles, forestry products, bulk commodities, oil and gas projects and general cargo
- National operator, with 30 port facility locations in Australia and in 14 locations in New Zealand



Strategic Assets Division

- Holds interests in strategically located properties suitable for development into logistics infrastructure and operations
- Developing Moorebank, expected to become the largest intermodal logistics precinct in Australia, and another property at Minto
- Owns AAT, a multi-user facility provider to stevedores and focused on vehicle imports
- Holds investments in Quattro and TQ for development and operation of grain and fuel storage and handling terminals



Patrick Stevedores (50%)

- Qube owns a 50% interest in Patrick, one of two major established national operators providing container stevedoring services in the Australian market
- Holds long term lease concessions for and operates shipping container terminals in the four largest container ports in Australia
- Complements Qube's other logistics activities
- Other 50% owned by Brookfield and its managed funds

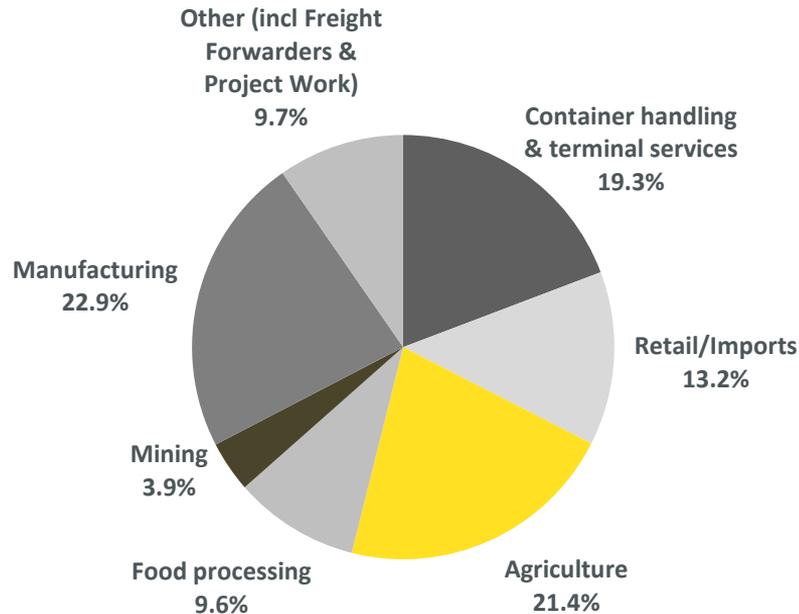


Qube's diversified operations

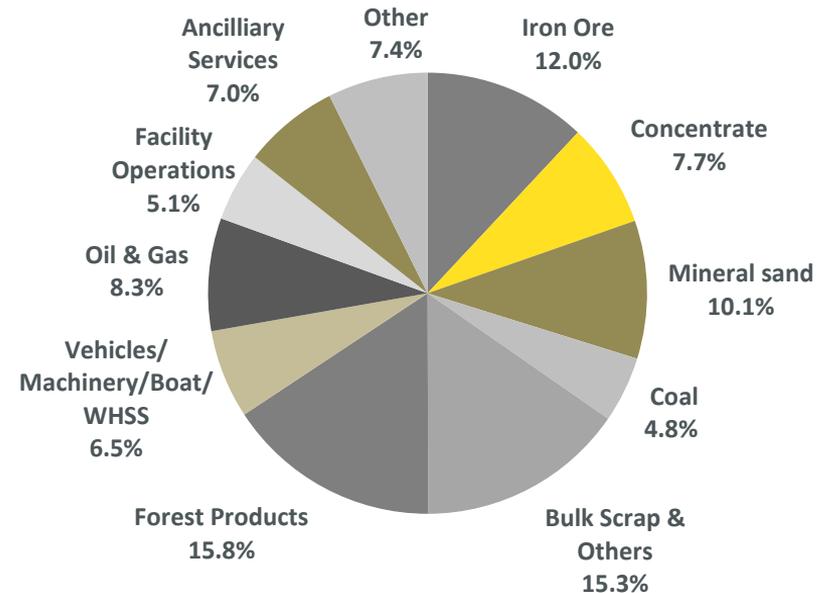
FY 17 indicative revenue by industry / product



Qube Logistics

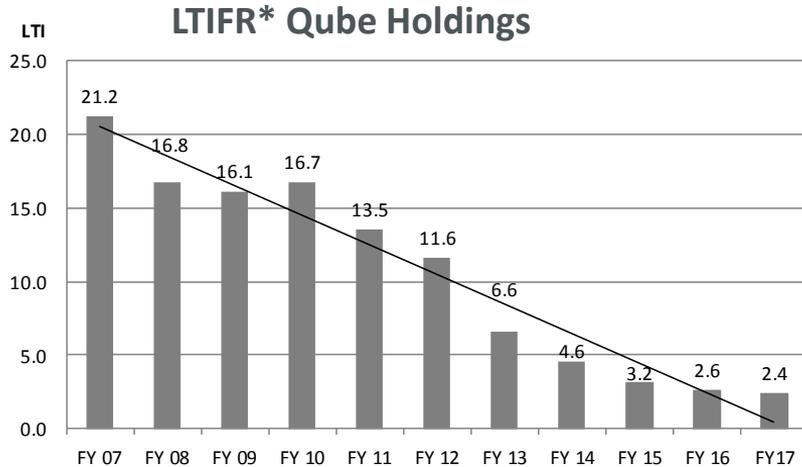


Qube Ports & Bulk



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Focus on Safety



*LTIFR – Lost Time Injury Frequency Rate

- Maintain focus on providing safe workplace through our Zero Harm programs
- Continued to improve safety record
- 8% improvement in LTIFR from FY 16 to FY 17
- 89% improvement in LTIFR since Qube's establishment in 2007
- Key initiatives included:
 - Implementation of Fitness for Work program to promote and support wellness
 - Installation of innovative telematics technology and in the cab of trucks to proactively monitor fatigue, speed and braking events



FY 18 Business Update

Operating divisions

Logistics Division

- Expect modest underlying revenue and earnings growth
- Reflects business mix, low grain volumes due to poor harvest (fixed cost bulk rail), competitive market conditions and operational inefficiencies in NSW until Moorebank is operational
- Other states generally performing in line with expectations

Ports & Bulk Division

- Expect underlying revenue and earnings growth
- Pleasing start to the year, particularly in vehicles and forestry volumes
- Generally steady volumes in bulk activities and early signs of increased activity in the oil and gas sector
- Associates mixed with NSS benefitting from improving activity in North Queensland resulting in expected increased result compared to prior year. Expected to be offset by share of Prixcar's loss due to turnaround taking longer than anticipated

FY 18 Business Update

Ports & Bulk

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FY 18 Business Update

Strategic investments



Strategic Assets Division

- Moorebank construction progress and tenant leasing on track
- AAT benefitting from strength in passenger vehicles and recovery in mining related equipment partly offset by reduced earnings in Melbourne
- Capex underway at Minto Properties in preparation for major new Mazda lease commencing FY 19
- Minimal earnings contribution from Quattro and TQ Holdings expected in FY 18. In particular:
 - Poor grain harvest expected to result in decrease in Quattro earnings compared to prior year
 - Management continues to assess multiple strategic and/or partnering options for TQ Holdings for development and operation of Port Kembla fuel terminal

Patrick

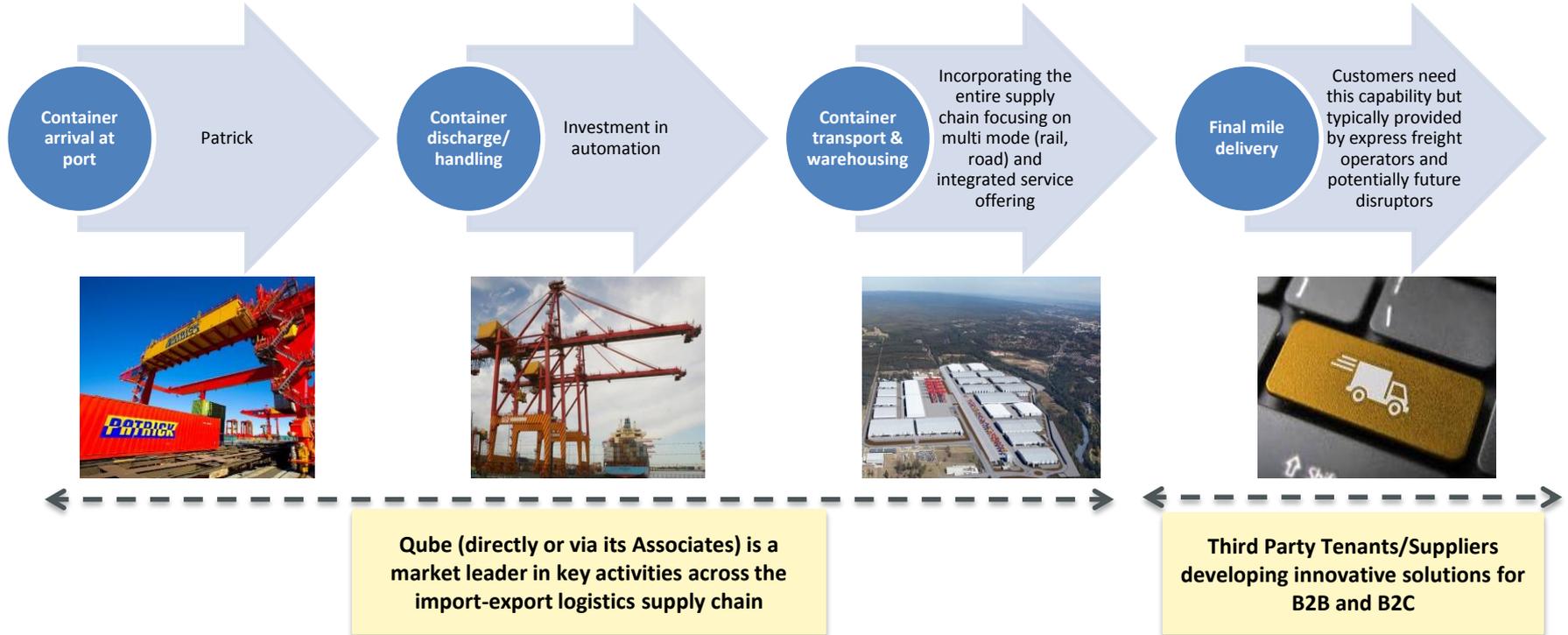
- Pleasing market volume growth (TEU) for Q1 FY18
- Trading in line with internal expectations with pleasing progress on cost efficiencies and planning for rail terminal automation which will provide significant operational efficiencies
- FY 18 earnings will reflect full 12 months of ownership of Patrick, introduction of infrastructure levy, full year impact of FY 17 rate reductions, A3 contract loss, higher labour costs and increased rental costs
- At this stage, continue to expect Patrick to contribute a modest increase in underlying earnings to Qube in FY 18 compared to FY 17 (comprising interest income and share of profit after tax)

Qube's vision becoming reality

Transforming Logistics Supply Chains



Qube's vision for enhanced supply chains



Container transport challenges in Sydney

How to efficiently absorb the anticipated growth in container volumes?

QUBE



- Long term volume growth expected to be > CPI
- 80% import containers passing through Port Botany travel within 50 km of the port

Rail mode market share at Port Botany

19.1%
(currently)



c. 40%
by 2040
(NSW Ports' target)

- Moorebank development expected to be a major catalyst for modal shift towards rail for freight moving from and to Port Botany as well as for domestic distribution from and to Moorebank
- In Qube's view, NSW Ports' target is achievable with Moorebank

Patrick

QUBE



Patrick Rail Automation Project

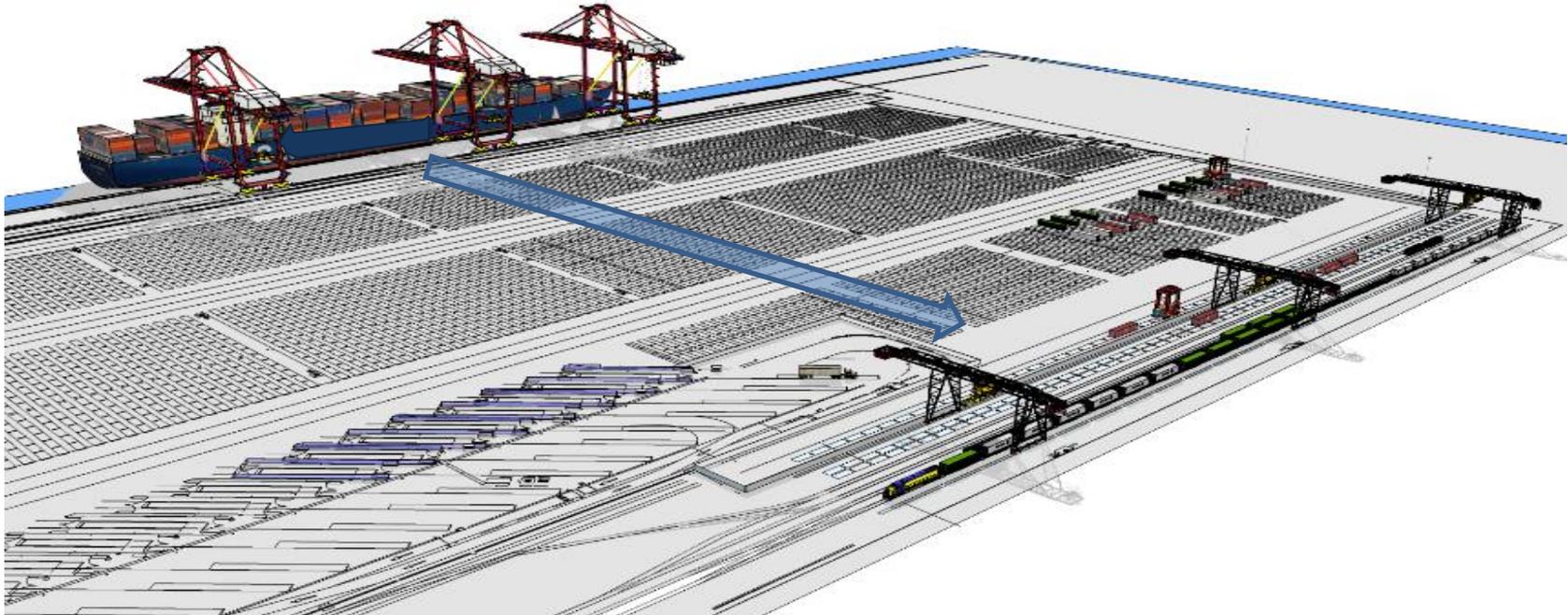
More organised / methodical operations

QUBE



Patrick Rail Terminal Development Proposal

Proposed investment at Patrick being assessed to enable direct discharge straight to automated rail gantries for direct distribution



Moorebank Update

Key achievements

- Financial close – January 2017
- Signed lease with Target Australia
- Commenced IMEX construction
- Land preparation early works
- Commenced rail connections
- Submitted 4 planning applications for 600,000m² warehouse operations
- Construction of sales suite to be used for client and stakeholder meetings



IMEX and demolition progress

January 2017

QUBE



IMEX and demolition progress

October 2017

QUBE



IMEX and demolition progress

January 2017

QUBE



IMEX and demolition progress

October 2017

QUBE



Moorebank Update

Demolition, Construction and Planning Updates

Demolition

- Demolition and pre-construction activities have progressed with significant works completed on both the IMEX site and Moorebank Logistics Park West site
- Demolition at MPE at 30 September 2017:
 - Demolition of 245 buildings; 119,167m² hardstand
 - Recycling of 2,307 tonnes of steel
 - Excavation of 51,300m³ of material for assessment
 - 17,590m³ of this material was reused on site
 - 43,200 tonnes of concrete separated and pulverised

Construction

- Construction works relating to the following have progressed:
 - Land preparation and construction of the Rail Link (MIC funded) – Target completion by end of calendar year 2018 and first quarter of calendar year 2019, respectively
 - IMEX below rail capex , Stage 1 (Qube funded) – Target completion by end of calendar year 2018
 - Precinct Enabling Infrastructure works (Qube funded) – Ongoing based on timing of warehousing development

Planning

- Applications have been lodged with the Department of Planning and Environment regarding:
 - Moorebank Precinct East – Stage 2 (lodged December 2016)
 - Approximately 300,000 m² of warehousing and IMEX terminal
 - Department of Planning has recommended approval to the PAC – decision expected by end December
 - Moorebank Precinct West – Stage 2 (lodged October 2016)
 - Approximately 215,000 m² of warehousing and Interstate terminal
 - Approval currently expected by first quarter of calendar year 2018

Moorebank Update

Construction activities commenced

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Moorebank Update

Tenants and FY 18 Capex

Tenants

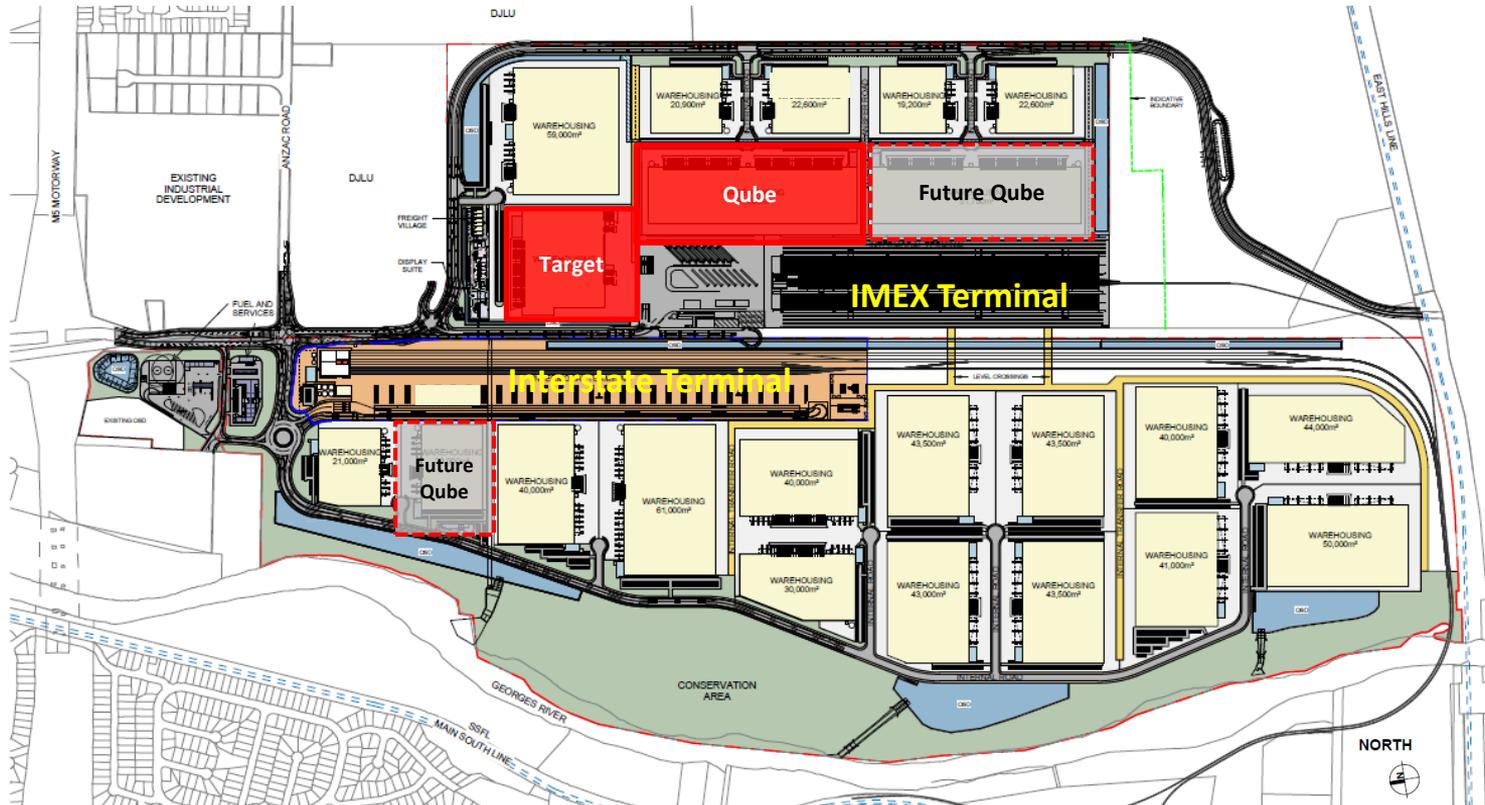
- Finalised lease with Target
- Qube Logistics well progressed in sourcing customers for its Moorebank warehouse
- Well progressed with other prospective tenants with particular focus on ensuring reliable delivery of warehousing for existing committed tenants

FY 18 Capex

- Moorebank development capex expected to increase significantly in FY 18 as the project ramps up and to include:
 - Precinct Enabling Infrastructure works
 - IMEX below rail capex, long lead procurement items and design of above rail capex
 - Construction of two warehouses to be occupied by initial tenant secured (Target Australia) and Qube Logistics

Moorebank Update

Tenant Commitments



Moorebank Update

Indicative timeline

Date	Milestone
Q3 – 2017	Commencement of IMEX terminal construction
Q1 – 2018	Warehouse planning approval, commence warehouse construction
Q1 – 2019	Commencement of operation of IMEX Rail Terminal
Q2 – 2019	Commencement of new warehousing operations
Q1 – 2021	Commencement of operation of Interstate Rail Terminal
January 2027	Warehouses fully developed – Project completed

FY 18 Outlook

Strategy on track to deliver long term growth

- In FY 18, overall market conditions expected to remain similar to FY 17
- Qube will continue to seek to deliver growth and maintain its strong market positions through its innovative and reliable logistics solutions and strong cost focus
- In the shorter term, while Qube is undertaking the investment to develop some of these assets, its earnings will not reflect the substantial value that is being created
- Qube currently is trading in line with management expectations and continues to expect to deliver an increase in underlying NPAT (pre-amortisation) in FY 18

Questions

