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11 August 2015

ASX and Media Announcement

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QUBE announces joint venture with Japanese petroleum group TonenGeneral

Qube Holdings Ltd (Qube) today announced it has entered into an agreement to form a 50/50 joint venture with Japanese petroleum group TonenGeneral Sekiyu K.K. which will develop major fuel storage facilities in Australia. TonenGeneral is Japan's second largest refiner and one of the largest oil products exporters to Australia in 2014, supplying 12% of Australia's fuel market with high-quality fuel.

The joint venture's first project is a fuel storage facility to be developed at Port Kembla on land to be leased from NSW Ports. The joint venture will acquire the assets of the National Terminals group to facilitate the development. Development and planning approval for parts of the facility have been obtained and the process for the remaining assessment is well advanced. Subject to final approval, the storage facility has a potential capacity of 230 million litres with commissioning expected in mid to late 2017.

The joint venture has also entered into an agreement to acquire the fuel marketing and distribution business, Petro National, in Australia to capitalise on the opportunity to supply fuel from the new import terminal facility, and will also assess other organic and acquisition opportunities to expand this integrated supply chain capability.

Port Kembla has shipping and logistics advantages enabling low supply chain and operating costs for delivery to much of NSW including South and South West Sydney.

Qube will also review opportunities to leverage its rail and broader logistics expertise and asset base, including its national network of portside facilities, to expand the joint venture's fuel storage and distribution capabilities in a reliable, safe and cost effective manner.



The total capital expenditure for the fuel storage facility, the National Terminals assets and the Petro National acquisition is expected to be around \$150 million with the majority of the funding required in FY 16 and FY 17. Qube presently expects to fund its 50% share of this capex from available cash and debt facilities.

Qube's Managing Director Maurice James said "The transaction provides Qube with further diversification within the import-export supply chain and an opportunity to enter an attractive market that is significantly under-served."

"The chronic shortage of fuel storage capacity in Australia presents a compelling investment opportunity, the appeal of which has only increased as local oil refineries close and Australia moves to a substantial reliance on imported fuel", Mr James said.

Mr Jun Mutoh, Representative Director and President, TonenGeneral Sekiyu K.K. said "Australia is a major export market for TonenGeneral and we are delighted to be partnering with Qube to expand our activities into the onshore business in the Australian market, and jointly enhance Australia's petroleum products supply chain."

"Qube's innovative and extensive logistics capabilities and local knowledge, combined with the depth of TonenGeneral's fuel industry knowledge and successful track record provides the joint venture with an outstanding platform to achieve strong long term growth" Mr James said.

The joint venture will retain the existing senior management team of Petro National which will be supported by the Qube and TonenGeneral management.

Completion is expected in late August subject to satisfaction of a small number of conditions.

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