



6 April 2020

ASX Announcement

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

Qube Holdings Update On The Impact of Covid-19

Qube's priority focus is on the health and well-being of its employees, contractors and consultants. Management is constantly reviewing Government advice and implementing arrangements in all its workplaces to ensure compliance with the advice.

Business Update - Impact of Covid-19

The freight and logistics sector has been defined as an essential service in Australia and New Zealand. Therefore, it is presently expected that most of Qube's operations will continue.

For the period to 31 March 2020:

- Bulk activities continue to experience normal volumes with minimal disruptions or slowdowns.
- Forestry related logistics activities in New Zealand have also experienced solid volumes although will be impacted by the recent closure of forestry operations in New Zealand for an initial one month period in accordance with directions from the NZ Government.
- Oil and gas activities have also been steady, benefitting from the ramp up of the new Shell contract and the nature of Qube's activities which largely involves logistics support to existing producing facilities.
- Container volumes across Qube's operations as well as Patrick have been weaker reflecting the general slowdown in economic activity in Australia (pre-Covid-19), the impact of manufacturing and port closures in China (particularly in February 2020), and global supply chain disruptions.
- Other products including vehicles, bulk (e.g. cement, fertilisers) and general cargo have been weaker.

In light of the continued uncertainty and impact of Covid-19, Qube presently expects a decrease in volumes in several of its markets as the impact of the tighter restrictions impacts demand as well as operations.

Qube continues to benefit from its diversified operations and variability in its cost base which has enabled it to continue to generate positive earnings and cashflow despite declining volumes in parts of its business.



However, given the inherent difficulty in reliably forecasting activity levels for the remainder of FY20 in the current environment, Qube is not presently able to forecast underlying earnings for FY20 and therefore withdraws previous guidance.

Qube's Managing Director, Maurice James, said "These are challenging times for our customers, our partners, our employees and for Qube. Despite the significant challenges ahead, Qube is well positioned to work with all its key stakeholders to address the current challenging environment.

"Qube is in a strong financial position with significant liquidity (cash and available undrawn facilities) of over \$450 million after the payment of the interim dividend which will occur on the 7th April 2020. Qube has no near term debt maturities and material headroom to its covenants.

"Qube is pursuing several initiatives to further increase its liquidity including increasing its bank facilities and progressing its property partnering / monetisation process to ensure that Qube is well placed to continue to fund suitable growth opportunities in the future."

Cost Base Management

Qube is responding to the current environment by reducing its cost base, deferring non-essential capex, and working with our customer base to ensure continued reliable delivery of key services.

As part of these pro-active cost cutting measures, the Board and Managing Director have elected to reduce their fixed remuneration by 50%. The senior management team has also committed to significant reductions in their fixed remuneration. These measures, which include utilisation of annual and unpaid leave, will initially apply from 1 April to 30 June 2020 and will be reviewed at that time.

Update on Potential Major Tenant for Moorebank

The terms of formal agreements have now been finalised with a potential major tenant for a material part of Moorebank Precinct West. The agreement is currently expected to be considered by the counterparty's Board for approval in late April /early May although the current environment may delay this.

Property Partnering / Monetisation Process

Qube is continuing to progress the partnering / monetisation process focussed on Moorebank and certain other property assets. As previously advised, Qube has received significant interest from a high quality group of prospective partners who are keen to participate in the next stage of the process.

In light of the current environment, however, Qube expects that this process is likely to take longer to progress than previously anticipated. Qube will only undertake a transaction where the Board determines that it is in the best interests of the project and shareholders to do so.

Authorised for release by:

The Board of Directors, Qube Holdings Limited

Further enquiries:

Media:

Paul White
Director, Corporate Affairs
paul.white@qube.com.au
+61 417 224 920

Analysts/Investors:

Paul Lewis
Chief Financial Officer
paul.lewis@qube.com.au
+61 2 9080 1903