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Qube delivers a record first half result with another strong performance

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Revenue up 32%

EBITA up 56%

NPAT up 19%

Qube Holdings Limited today announced record earnings and strong growth across both its Ports & Bulk and Logistics divisions for the half year to 31 December 2012. The underlying¹ revenue was \$526.3 million and underlying profit after tax attributable to shareholders was \$37.8 million, an increase of around 32% and 19% respectively on the pro-forma 31 December 2011 result. The underlying EBITA for the period was \$64 million, an increase of approximately 56% on the pro-forma 31 December 2011 result.

On a statutory basis, Qube reported revenue of \$526.2 million and profit after tax attributable to shareholders of \$34.7 million, an increase of 52% and 323% respectively over the statutory results for the half year to 31 December 2011.

The directors have determined to pay a fully franked interim dividend of 2.2 cents per share, a 10% increase on the interim dividend for the previous corresponding period reflecting Qube's strong result and positive outlook.

Key highlights for the half year include:

- Record financial results for Qube's operating divisions.
- Significantly increased revenue and earnings.
- Continued improvement in safety performance.
- Recent acquisitions performing well with integration going smoothly.
- Greater Qube brand awareness with significant increase in new business.

Releasing the results, Qube's Managing Director, Maurice James said, "The current financial year has started strongly for Qube as we continue to establish ourselves as Australia's leading provider of integrated logistics services focussed on the import and export supply chains."

¹ The underlying result excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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. See Attachment 1 for further information.

“I am delighted with the strong performance from both operating divisions which have delivered record results while maintaining tight cost control.”

“The revenue and earnings growth in both the Logistics division and Ports & Bulk division demonstrates that Qube is in a sweet spot in the Australian economy with balanced exposure to the resources, container logistics and automotive sectors.”

“Throughout this first half we have worked hard to integrate our recent acquisitions which have met or exceeded expectations and which will fully contribute to earnings growth in 2014.”

“Greater brand awareness of Qube, together with a reputation for innovative solutions, is also leading to increased customer inquiries and a number of new business opportunities.”

“Qube is now in a stronger position to deliver sustainable growth in the medium to long term,” Mr James said.

Key underlying and statutory financial data for the six months ended 31 December 2012 and 31 December 2011 is summarised below:

Six months ended 31 December	2012 (\$m)	2011 (\$m)	Change From Prior Year (%)	2012 (\$m)
	Underlying	Pro-forma		Statutory
Operating Revenue	526.3	397.5	32%	526.2
EBITDA	89.5	54.4	65%	89.3
EBITA	64.0	40.9	56%	63.8
EBIT	60.9	37.8	61%	60.8
Net Interest Expense	(17.0)	(5.8)	193%	(17.2)
Share of Profit of Associates	8.9	10.1	-12%	8.9
Profit Before Tax	52.8	42.1	25%	52.6
Tax (Expense) Benefit	(13.2)	(10.4)	27%	(16.1)
Profit After Tax	39.6	31.8	25%	36.5
Non-Controlling Interest	(1.8)	0.0	N/A	(1.8)
Profit After Tax Attributable to Shareholders	37.8	31.8	19%	34.7
Earnings Per Share (cents)	4.1	3.9	5%	3.8
Dividend Per Share (cents)	2.2	2.0	10%	2.2

A reconciliation of the statutory profit before tax to the underlying EBITDA for the half year to 31 December 2012 is set out in Attachment 1.

Logistics Division

The Logistics division reported record results with a pleasing improvement in margins. The business was able to achieve significant organic growth and better asset utilisation by providing tailored solutions to its customers.

Underlying revenue increased to \$272.5 million and underlying EBITDA increased to \$40.4 million, an increase of 11% and 25% respectively on the pro-forma December 2011 result. This reflected the contribution from the MIST/ITG acquisition (completed on 22 August 2012) which has been fully integrated into the New South Wales operations, as well as organic growth and a strong focus on costs and operating efficiencies.

Six months ended 31 December	2012 (\$m)	2011 (\$m)	Change From Prior Year (%)
	Underlying	Pro-forma	
Operating Revenue	272.5	244.5	11%
EBITDA	40.4	32.3	25%
Depreciation	(11.8)	(8.8)	34%
EBITA	28.6	23.5	22%
Amortisation	(0.8)	(0.8)	0%
EBIT	27.8	22.7	22%
Qube Share of Associates' NPAT	0.2	0.1	100%
EBITDA Margin (%)	14.8%	13.2%	1.6%
EBITA Margin (%)	10.5%	9.6%	0.9%

The demand for Qube's port-rail services continued to increase, with Qube's rail business benefitting from the availability of the locomotives and wagons acquired in the previous financial year. Qube has secured several new rail contracts and expects to acquire further rolling stock during the second half of FY 2013.

Qube's development at Victoria Dock to provide additional hardstand capacity is well progressed and should be completed around the end of the current financial year.

Ports & Bulk Division

The Ports & Bulk division delivered record results in the period. Operating margins improved over the prior period and the results also benefitted from the contribution from capital investment and acquisitions made in previous periods.

Underlying revenue increased to \$240.9 million and underlying EBITDA increased to \$42.8 million, an increase of 60% and 79% respectively on the pro-forma December 2011 result.

Six months ended 31 December	2012 (\$m)	2011 (\$m)	Change From Prior Year (%)
	Underlying	Pro-forma	
Operating Revenue	240.9	150.4	60%
EBITDA	42.8	23.9	79%
Depreciation	(13.7)	(4.7)	191%
EBITA	29.1	19.2	52%
Amortisation	(2.0)	(2.0)	0%
EBIT	27.1	17.2	58%
Qube Share of Associates' NPAT	8.7	7.7	13%
EBITDA Margin (%)	17.8%	15.9%	1.9%
EBITA Margin (%)	12.1%	12.8%	-0.7%

The ports' activities again benefitted from continued strong vehicle imports and sales which contributed to stevedoring, facilities access, storage and processing revenue.

Revenue and earnings from bulk activities increased following record volumes at Qube's Utah Point facility which is now running at an annualised volume in excess of 12 million tonnes, a full six months contribution from Giacci (which was acquired in March 2012) and the commencement of new contracts during the period.

Qube's offering of reliable, cost effective logistics solutions is increasingly attractive to a broad range of mining companies as reducing capital spend and operating costs becomes a greater priority for the sector.

The division did experience some weakness from its customers with exposure to mineral sands, however, the diversity of the business (geographically, by customer and product) has enabled the growth in revenue and earnings.

The associates in the division generated a 13% increase in underlying net profit after tax for the first half compared to the pro-forma December 2011 result, although this is not expected to be sustained over the full year.

Strategic Assets Division

The properties within the Strategic Assets division continued to generate an attractive yield during the period from the existing tenants.

Underlying revenue increased to \$12.9 million and underlying EBITDA increased to \$10.2 million, reflecting Qube's Moorebank investment being consolidated for the entire period whereas Qube's 30% interest was equity accounted in the prior period. The 2011 pro-forma revenue and earnings (EBIT) primarily relate to Qube's 100% ownership of Minto Properties.

Six months ended 31 December	2012 (\$m)	2011 (\$m)	Change From Prior Year (%)
	Underlying	Pro-forma	
Operating Revenue	12.9	2.7	378%
EBITDA	10.2	1.9	437%
Depreciation	0.0	0.0	0%
EBITA	10.2	1.9	437%
Amortisation	(0.2)	(0.2)	0%
EBIT	10.0	1.7	488%
Qube Share of Associates' NPAT	0.0	2.3	N/A
NCI Share of Qube's NPAT	(1.8)	0.0	N/A
EBITDA Margin (%)	79.1%	70.4%	8.7%
EBITA Margin (%)	79.1%	70.4%	8.7%

During the period, the tenant on the Moorebank property exercised its option to extend its lease and a higher rent will apply from late March 2013. This provides certainty of income while negotiations continue over the future development of this property.

Qube is continuing to actively engage with key stakeholders to gain the necessary approvals to progress the development of an inland terminal and related logistics activities on its site at Moorebank.

Planning is underway for the long term use of the Minto site.

Funding

Qube continues to have adequate undrawn debt facilities and cash to undertake further investment and remains at the low end of its target gearing range. The refinancing of the debt relating to the strategic properties is well progressed and is expected to be completed well prior to the maturity of these facilities. Qube is in compliance with all its debt covenants with significant headroom under its syndicated debt facilities.

Dividend

Qube is pleased to announce that it will pay a fully franked interim dividend of 2.2 cents per share in respect of the six months ended 31 December 2012, an increase of 10% over the interim dividend in the prior corresponding period. This reflects a payout ratio of 54% of Qube's underlying earnings per share. The increase in the dividend reflects the strong underlying result achieved by Qube in the period and the positive outlook.

The record date for the dividend is 12 March 2013 and the dividend will be paid on 11 April 2013. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

Outlook

In the second half of FY 2013, Qube will continue to benefit from the significant demand for its logistics solutions across both divisions. This is expected to involve additional investment in facilities and equipment to support our customers' requirements. Qube will continue to build a stronger, more diversified business with an attractive growth outlook.

Subject to no material deterioration in economic conditions, Qube expects continued revenue and earnings growth for the 2013 financial year, albeit at a lower rate than that achieved in the 2012 financial year.

As previously advised, the full benefit of the investments undertaken in FY 2012 and FY 2013 will be realised from FY 2014 and beyond.

Further Enquiries:

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Attachment 1

Reconciliation of Statutory Results to Underlying and Pro-forma Results

Six months ended 31 December 2012

There was a small number of non-recurring and non-cash items included in the statutory results for the half year to 31 December 2012 that do not reflect the underlying financial performance of Qube. The table below provides a reconciliation of the statutory to underlying consolidated net profit after tax attributable to Qube shareholders.

	(\$m)
Statutory profit after tax attributable to Qube	34.7
Adjust for:	
Fair value of swaps and investments (net of tax)	0.2
Finalisation of tax adjustments on prior year acquisitions	2.7
Other tax adjustments	0.2
Underlying profit after tax attributable to Qube	37.8

The table below provides a reconciliation of the net profit before tax of Qube by segment to underlying EBITDA and underlying Proportional EBITDA (which are key internal measures used to assess the underlying performance of Qube's businesses) for the six months ended 31 December 2012.

Six months ended 31 December 2012	Logistics Division (\$m)	Ports & Bulk Division (\$m)	Strategic Assets Division (\$m)	Corporate (\$m)	Consolidated (\$m)
Net profit / (loss) before tax	27.2	35.0	7.9	(17.6)	52.6
Add: net interest expense	0.8	0.8	2.1	13.5	17.2
Add: depreciation and amortisation expense	12.7	15.7	0.2	0.0	28.5
Less: share of profit after tax from associates	(0.2)	(8.7)	0.0	0.0	(8.9)
EBITDA	40.4	42.8	10.2	(4.1)	89.3
Add: non-cash items					
Fair value revaluation loss (net)	0.0	0.0	0.0	0.2	0.2
Underlying EBITDA	40.4	42.8	10.2	(3.9)	89.5
Add: Proportional share of associates' EBITDA	0.6	17.1	0.0	0.0	17.7
Less: Proportional NCI share of Moorebank EBITDA	0.0	0.0	(2.6)	0.0	(2.6)
Underlying Proportional EBITDA	41.0	59.9	7.6	(3.9)	104.6

Attachment 1 (cont)

Six months ended 31 December 2011

The statutory results for the half year to 31 December 2011 were impacted by the Qube Restructure completed in September 2011 which involved significant transaction costs and changes to accounting measurements. Therefore, the statutory results do not reflect the underlying financial performance of Qube in that period and are not comparable to the current period's results.

As previously advised, the pro-forma financial information provides a more meaningful and consistent reflection of the underlying performance of Qube for the half year to 31 December 2011.

The pro-forma information for the half year to 31 December 2011 has been prepared on the following basis:

- Qube owned its current interest in Qube Logistics, Qube Ports & Bulk, AAT, NSS, Prixcar and Minto Properties for the entire reporting period
- Qube accounted for its 30% ownership of the Moorebank Industrial Property Trust (MIPT) as an associate for the entire period
- Qube operated as a company for the entire reporting period
- The one-off costs relating to the restructure have been excluded
- Other non-cash items and non-operating items have been excluded

The pro-forma proportional information has been prepared on the same basis as the pro-forma information, however, Qube's share of associates' revenue, EBITDA and EBIT has been included in the figures.

The table below provides a reconciliation of the net profit before tax to the Pro-forma EBITDA and Pro-forma Proportional EBITDA for the six months ended 31 December 2011.

Six months ended 31 December 2011	Logistics Division (\$m)	Ports & Bulk Division (\$m)	Strategic Assets Division (\$m)	Corporate (\$m)	Consolidated (\$m)
Net profit / (loss) before tax	18.3	15.5	0.7	(48.3)	(13.8)
Add: net interest expense	3.7	1.2	2.6	(2.0)	5.5
Add: depreciation and amortisation expense	10.5	4.5	0.2	0.0	15.2
Less: share of profit after tax from associates	(0.1)	(4.9)	(1.6)	0.0	(6.7)
EBITDA	32.3	16.2	1.9	(50.2)	0.2
Add: non-recurring items relating to Qube Restructure	0.0	0.0	0.0	47.5	47.5
Underlying EBITDA	32.3	16.2	1.9	(2.8)	47.7
Add: Pro-forma EBITDA	0.0	7.7	(0.0)	(1.0)	6.7
Pro-forma EBITDA	32.3	23.9	1.9	(3.8)	54.4
Add: Proportional share of associates' EBITDA	0.1	14.0	2.3	0.0	16.5
Pro-forma Proportional EBITDA	32.5	37.9	4.2	(3.8)	70.8

Further information regarding Qube's results, including an explanation of statutory and non-statutory financial information, is set out in Qube's financial results for the six months ended 31 December 2012 and is available on www.qube.com.au.