QUBE HOLDINGS LIMITED
ABN 141 497 230 53

Level 22, 44 Market Street
Sydney
NSW 2000

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

qube.com.au

21 February 2014

ASX and Media Announcement

Qube continues to deliver record results.

Underlying Revenue	**Up 10% to $581.4 million**
Underlying EBITDA	**Up 10% to $99.4 million**
Underlying EPS	**Up 9% to 4.53 cents**
Interim Dividend Per Share	**Up 9% to 2.40 cents**

Qube Holdings Limited (Qube) today announced record earnings and continued growth across all divisions for the half year ended 31 December 2013. Statutory revenue increased by 11% over the prior corresponding period to $581.5 million and profit after tax attributable to shareholders increased by 19% to $41.2 million. Earnings per share were 4.43 cents, an increase of 18% over the prior corresponding period.

Underlying earnings per share were 4.53 cents (4.77 cents pre-amortisation), a 9% increase on the underlying result for the half year ended 31 December 2012.

Key highlights of the result include:

- Record financial results for both operating divisions
- Ongoing and significant improvement in safety performance
- Strong progress on expansion of logistics services into the oil and gas sector
- Continued growth in logistics services for the rural commodities sector
- New contracts and projects to drive ongoing earnings growth

The directors have determined to pay a fully franked interim dividend of 2.4 cents per share, a 9% increase on the prior corresponding period.

Qube's safety record continued to improve with its Lost Time Injury Frequency Rate (LTIFR), decreasing from 6.6 Lost Time Injuries (LTIs) per million hours worked to 4.4 LTIs, a 33% improvement.

Releasing the results, Qube's Managing Director, Maurice James said, "It is very pleasing that Qube continues to deliver revenue growth and record earnings which reflects the benefits of Qube's diversification strategy".

"This strategy is expected to deliver an even stronger second half result", Mr James said.

The results predominantly reflect organic growth, including the benefits from capex undertaken during the period and in prior periods.

Key underlying and statutory financial information for the half year ended 31 December 2013 is presented below.

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)	H1 - FY 14 ($m)
	Underlying	Underlying		Statutory
Revenue	581.4	526.3	10%	581.5
EBITDA	99.4	90.3	10%	98.2
EBITA	71.3	64.9	10%	70.0
EBIT	68.2	61.8	10%	66.9
Net Interest Expense	(15.0)	(17.0)	12%	(14.2)
Share of Profit of Associates	7.1	8.9	-20%	6.8
Profit After Tax	44.3	40.2	10%	43.4
Non-Controlling Interest	(2.2)	(1.8)	22%	(2.2)
Profit After Tax Attributable to Shareholders	42.1	38.4	10%	41.2
Profit After Tax Attributable to Shareholders Pre-Amortisation	44.3	40.6	9%	43.4
Earnings Per Share (cents)	4.53	4.16	9%	4.43
Earnings Per Share Pre-Amortisation (cents)	4.77	4.40	8%	4.66
Interim Dividend Per Share (cents)	2.40	2.20	9%	2.40
EBITDA Margin	17.1%	17.2%	-0.1%	16.9%
EBITA Margin	12.3%	12.3%	0.0%	12.0%

A reconciliation of the statutory profit before tax to the underlying net profit after tax by segment for the half year to 31 December 2013 is set out in Attachment 1.

Logistics Division

The Logistics division reported underlying revenue of $301.1 million, a 10% increase on the prior corresponding period's results. Underlying earnings (EBITA) increased by 6% to $31.1 million.

	H1 - FY 14 ($m) Underlying	H1 - FY 13 ($m) Underlying	Change From Prior Corresponding Period (%)
Revenue	301.1	272.5	10%
EBITDA	43.0	41.1	5%
Depreciation	(11.9)	(11.8)	-1%
EBITA	31.1	29.3	6%
Amortisation	(0.9)	(0.8)	-13%
EBIT	30.2	28.5	6%
Share of Profit of Associates	0.2	0.2	0%
EBITDA Margin (%)	14.3%	15.1%	-0.8%
EBITA Margin (%)	10.3%	10.8%	-0.5%

The revenue growth achieved in the period reflected organic growth across the business as well as a full period's contribution from the MIST / ITG acquisition compared to 4 months in the prior corresponding period.

Several new rail contracts servicing the rural commodity sector were finalised at the end of the period and in early January 2014, and these contracts are expected to contribute to revenue and earnings growth in the second half of FY 14.

In early December 2013, the acquisition of IML Logistics (IML) was completed. IML delivers mining and resource project logistics, specialised transport for energy utilities, container logistics, warehousing and distribution services to a range of organisations in Western Australia. The acquisition provides additional scale and synergies for Qube's existing Western Australian operations.

The division expects to achieve increased revenue as well as improved margins in the half year to 30 June 2014 over the prior corresponding period from organic growth including the contribution from the new rural commodities rail contracts, other new contracts, the benefits from the efficient operation of the Victoria Dock site, and the IML acquisition.

Ports & Bulk Division

The Ports & Bulk division delivered record results in the period. Underlying revenue increased to $265.1 million and underlying EBITA increased to $34.2 million, an increase of 10% and 17% respectively on the prior corresponding period's results. Margins continued to improve with the EBITA margin growing from 12.2% to 12.9% reflecting the benefits from past investment and further operating efficiencies.

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
Revenue	265.1	240.9	10%
EBITDA	50.4	42.9	17%
Depreciation	(16.2)	(13.6)	-19%
EBITA	34.2	29.3	17%
Amortisation	(2.0)	(2.0)	0%
EBIT	32.2	27.3	18%
Share of Profit of Associates	7.0	8.7	-20%
EBITDA Margin (%)	19.0%	17.8%	1.2%
EBITA Margin (%)	12.9%	12.2%	0.7%

The result was supported by record volumes across Qube's bulk logistics activities which cover terminals, stevedoring and transport. The diversified nature of these operations by product, customer, service and geography enabled both revenue growth and margin improvement despite continued pockets of weakness in certain commodities.

The ports activities were mixed with continued strength in vehicle imports being offset by weakness in project and general cargo, particularly imported steel.

The half year to 31 December 2013 saw Qube expand its logistics services to the oil and gas sector through a new contract with Chevron to provide stevedoring services for barges between Fremantle and Barrow Island which has delivered significant efficiencies to the customer.

During the period, Qube also commenced the construction of a major new barge transfer facility at Dampier underpinned by a contract with Yara Pilbara Nitrates.

Qube has invested in equipment and facilities to support these contracts and expects to progressively increase its earnings from oil and gas related logistics activities over the short to medium term.

As previously foreshadowed, the contribution from Qube Ports & Bulk's associate investments declined over the period with Qube's share of the underlying profit after tax of the associates decreasing by around 20% to $7.0 million (2012: $8.7 million).

This was largely due to a decrease in project cargo in North Queensland which impacted Northern Stevedoring Services (NSS), and a reduction in the import of mobile mining equipment due to the slow-down in mining activity and lower general cargo volumes which impacted Australian Amalgamated Terminal's (AAT) results.

During the period Prixcar Services (Prixcar), in which Qube has a 25% interest, was successful in the tender for additional facilities at Webb Dock in Melbourne for its motor vehicle pre-delivery inspection (PDI) storage and processing activities.

Qube's 50% associate AAT has been shortlisted for the right to construct and operate an expanded automotive terminal facility to be developed at Webb Dock as part of the Melbourne port capacity projects.

Strategic Assets Division

The properties in the Strategic Assets division continued to generate stable income during the period from the existing tenants.

The underlying revenue and EBITA in the division increased by around 18% and 17% respectively compared to the prior corresponding period. This strong growth mainly reflects higher lease rentals from the Moorebank property lease extension that applied from 26 March 2013 onwards.

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
Revenue	15.2	12.9	18%
EBITDA	11.9	10.2	17%
Depreciation	0.0	0.0	N/A
EBITA	11.9	10.2	17%
Amortisation	(0.2)	(0.2)	0%
EBIT	11.7	10.0	17%
Share of Profit of Associates	0.0	0.0	N/A
NCI Share of Qube's NPAT	(2.2)	(1.8)	22%
EBITDA Margin (%)	78.3%	79.1%	-0.8%
EBITA Margin (%)	78.3%	79.1%	-0.8%

During the period, Qube reached agreement with the Council to acquire the part of Culverston Road which runs between its two Strategic Asset properties at Minto. The acquisition will enable Qube to close the road and consolidate the properties into a single larger site, thereby creating significant potential future efficiencies and value.

In December 2013, the Moorebank Intermodal Company (MIC), an entity established and funded by the Commonwealth Government, issued calls for an expression of interest (EOI) for the development and operation of interstate and import-export rail terminals and related logistics activities on its property at Moorebank.

The EOI sought proposals to develop these assets on MIC's land or together with adjoining land under a single master plan. Moorebank Industrial Property Trust (MIPT), a trust owned 67% by Qube and 33% by Aurizon, owns an adjoining 83ha site.

Qube, through the SIMTA consortium with Aurizon, is participating in this process and believes a whole of precinct solution will provide the most efficient logistics outcome, and deliver an intermodal rail solution in the shortest possible timeframe.

Funding

At 31 December 2013, Qube's gross debt was around $573 million and net debt was approximately $515 million. Qube had available cash and undrawn debt facilities of around $200 million providing Qube with significant funding capacity to pursue further growth.

Qube's leverage ratio has increased from 30.4% at 30 June 2013 to 32.2% at 31 December 2013 as Qube has continued to use debt to supplement operating cashflows to fund additional investment in acquisitions, equipment, technology and facilities. Qube remains towards the lower end of its target leverage ratio of 30-40%.

Dividend

Qube is pleased to announce that it will pay a fully franked interim dividend of 2.4 cents per share in respect of the half year ended 31 December 2013, an increase of approximately 9% over the prior corresponding period. This reflects a payout ratio of around 53% of Qube's underlying earnings per share. The increase in the dividend reflects the continued strong underlying earnings achieved by Qube in the period and the positive outlook.

The record date for the dividend is 7 March 2014 and the dividend will be paid on 4 April 2014. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

Summary and Outlook

Qube continued to deliver growth across its businesses in the half year to 31 December 2013 with all divisions achieving record results. Qube's record results reflect the benefits of scale, continued investment to deliver reliable, innovative customer solutions, as well as an ongoing focus on cost control.

Qube was able to deliver organic growth in its core markets despite a subdued economic environment, and also expanded its activities in two areas being the oil and gas sector and rural commodities where it sees strong growth prospects.

Qube continues to seek opportunities to diversify and grow its business through the use of its logistics expertise to develop innovative solutions and through a willingness and capacity to invest to support its customers' requirements.

In the half year to 30 June 2014, Qube expects continued revenue growth as well as margin improvement in both operating divisions compared to the prior corresponding period.

Subject to no material change in economic conditions, Qube expects that underlying earnings per share in the half year to 30 June 2014 will be higher than underlying earnings per share achieved in the half year ended 31 December 2013.

Qube remains well positioned to continue to deliver sustainable revenue and earnings growth.

Further Enquiries:

Paul White
Corporate Affairs
+61 417 224 920

Paul Lewis
Chief Financial Officer
+61 2 9080 1903

Attachment 1

Reconciliation of Statutory Results to Underlying Results

There were a small number of non-recurring and non-cash items included in the statutory results for the half year ended 31 December 2013 that do not reflect the underlying financial performance of Qube. A reconciliation of the statutory results to the underlying results for the half year ended 31 December 2013 and the prior corresponding period is presented below:

Half Year Ended	**Dec-13**	**Dec-12**
	$m	**$m**
Revenue from external customers	**581.5**	**526.2**
Underlying adjustments (net)	(0.1)	0.1
Underlying revenue	**581.4**	**526.3**
Net profit / (loss) before income tax	**59.6**	**52.6**
Share of profit of associates	(6.8)	(8.9)
Interest income	(0.7)	(1.8)
Interest expense	15.7	18.9
Fair value of derivatives	(0.9)	0.1
Depreciation & amortisation	31.3	28.5
EBITDA	**98.2**	**89.3**
Legacy incentive schemes	1.4	0.8*
Fair value adjustments (net)	(0.1)	0.2
Underlying EBITDA	**99.4**	**90.3**
Depreciation	(28.2)	(25.4)
Underlying EBITA	**71.3**	**64.9**
Amortisation	(3.1)	(3.1)
Underlying EBIT	**68.2**	**61.8**
Interest expense (net)	(15.0)	(17.0)
Underlying share of profit of associates	7.1	8.9
Underlying net profit before income tax	**60.3**	**53.7**
Income tax expense	(15.9)	(13.5)
Underlying net profit for the half year	**44.3**	**40.2**
Non-controlling interests	(2.2)	(1.8)
Underlying net profit after tax attributable to members	**42.1**	**38.4**
Underlying earnings per share (cents per share)	4.53c	4.16c

*The FY 13 full year expense relating to legacy incentive schemes was $1.9 million of which $0.8 million related to H1 and $1.1 million related to H2. The full year expense was added back to the FY 13 full year statutory results as part of the calculation of the underlying earnings for FY 13.

Underlying Information is determined as follows:

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude non-cash and non-recurring items such as fair value adjustments on investment properties, legacy incentive schemes, impairments and release of contingent consideration payable. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.

The table above has been extracted from note 2 of the financial statements but is un-audited.

Segment Information – half year ended 31 December 2013

The table below provides a reconciliation of the statutory revenue and net profit after tax of Qube to the underlying results by segment for the half year ended 31 December 2013.

	Logistics	Ports & Bulk	Strategic Assets	Corporate & Other	Total
	$m	$m	$m	$m	$m
Revenue from external customers	**301.1**	**265.1**	**15.2**	**0.1**	**581.5**
Underlying adjustments (net)	-	-	-	(0.1)	(0.1)
Underlying revenue	**301.1**	**265.1**	**15.2**	**0.0**	**581.4**
A reconciliation of net profit / (loss) before income tax to underlying net profit attributable after tax to members is as follows:					
Net profit / (loss) before income tax	**28.8**	**37.4**	**8.8**	**(15.4)**	**59.6**
Share of profit of associates	(0.2)	(6.7)	-	-	(6.8)
Interest income	(0.2)	(0.2)	(0.1)	(0.2)	(0.7)
Interest expense	0.6	1.5	3.4	10.3	15.7
Fair value of derivatives	-	-	(0.4)	(0.4)	(0.9)
Depreciation & amortisation	12.8	18.3	0.2	-	31.3
EBITDA	**41.8**	**50.2**	**11.9**	**(5.8)**	**98.2**
Legacy incentive schemes	1.2	0.2	-	-	1.4
Fair value adjustments (net)	-	-	-	(0.1)	(0.1)
Underlying EBITDA	**43.0**	**50.4**	**11.9**	**(5.9)**	**99.4**
Depreciation	(11.9)	(16.3)	-	-	(28.2)
Underlying EBITA	**31.1**	**34.2**	**11.9**	**(5.9)**	**71.3**
Amortisation	(0.9)	(2.0)	(0.2)	-	(3.1)
Underlying EBIT	**30.2**	**32.2**	**11.7**	**(5.9)**	**68.2**
Interest expense (net)	(0.4)	(1.2)	(3.3)	(10.1)	(15.0)
Underlying share of profit of associates	0.2	7.0	-	-	7.1
Underlying net profit before income tax	**29.9**	**37.9**	**8.4**	**(16.0)**	**60.3**
Income tax expense	(8.9)	(9.3)	(2.5)	4.8	(15.9)
Underlying net profit for the half year	**21.0**	**28.6**	**5.9**	**(11.2)**	**44.3**
Non-controlling interests	-	-	(2.2)	-	(2.2)
Underlying net profit after tax attributable to members	**21.0**	**28.6**	**3.7**	**(11.2)**	**42.1**
Underlying earnings per share (cents per share)					4.53c

Segment Information – half year ended 31 December 2012

The table below provides a reconciliation of the statutory revenue and net profit after tax of Qube to the underlying results by segment for the half year ended 31 December 2012.

	Logistics	Ports & Bulk	Strategic Assets	Corporate & Other	Total
	$m	$m	$m	$m	$m
Revenue from external customers	**272.5**	**240.9**	**12.9**	**(0.1)**	**526.2**
Underlying adjustments (net)	-	-	-	0.1	0.1
Underlying revenue	**272.5**	**240.9**	**12.9**	**-**	**526.3**
A reconciliation of net profit / (loss) before income tax to underlying net profit attributable after tax to members is as follows:					
Net profit / (loss) before income tax	**27.2**	**35.0**	**7.9**	**(17.6)**	**52.6**
Share of profit of associates	(0.2)	(8.7)	-	-	(8.9)
Interest income	(0.4)	(0.5)	(0.1)	(0.8)	(1.8)
Interest expense	1.2	1.3	3.1	13.4	18.9
Fair value of derivatives	-	-	(0.8)	1.0	0.1
Depreciation & amortisation	12.7	15.7	0.2	-	28.5
EBITDA	**40.4**	**42.8**	**10.2**	**(4.1)**	**89.3**
Legacy incentive schemes	0.7	0.2	-	-	0.8*
Fair value adjustments (net)	-	-	-	0.2	0.2
Underlying EBITDA	**41.1**	**42.9**	**10.2**	**(3.9)**	**90.3**
Depreciation	(11.8)	(13.6)	-	-	(25.4)
Underlying EBITA	**29.3**	**29.3**	**10.2**	**(3.9)**	**64.9**
Amortisation	(0.8)	(2.0)	(0.2)	-	(3.1)
Underlying EBIT	**28.5**	**27.3**	**10.0**	**(3.9)**	**61.8**
Interest expense (net)	(0.8)	(0.8)	(2.9)	(12.6)	(17.0)
Underlying share of profit of associates	0.2	8.7	-	-	8.9
Underlying net profit before income tax	**27.9**	**35.2**	**7.1**	**(16.5)**	**53.7**
Income tax expense	(8.3)	(7.8)	(2.3)	4.9	(13.5)
Underlying net profit for the half year	**19.6**	**27.4**	**4.7**	**(11.5)**	**40.2**
Non-controlling interests	-	-	(1.8)	-	(1.8)
Underlying net profit after tax attributable to members	**19.6**	**27.4**	**2.9**	**(11.5)**	**38.4**
Underlying earnings per share (cents per share)					4.16c
*The FY 13 full year expense relating to legacy incentive schemes was $1.9 million of which $0.8 million related to H1 and $1.1 million related to H2. The full year expense was added back to the FY 13 full year statutory results as part of the calculation of the underlying earnings for FY 13.					