Qube Holdings Limited

Investor Presentation – FY 14 Interim Results

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ABN 141 497 230 53

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References to ‘underlying’ information is 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.

Highlights

- Qube's increasingly diversified operations delivered continued growth in revenue and earnings
- Ongoing and significant improvement in safety performance
- Statutory Qube NPAT of $41.2 million and earnings per share of 4.4 cents
- Underlying Qube NPAT of $42.1 million ($44.3 million pre-amortisation), a 10% increase on prior corresponding period (pcp)
- Underlying earnings per share up 9% to 4.5 cents (4.8 cents pre-amortisation)
- Interim dividend per share of 2.4 cents (fully franked), an increase of around 9% over pcp

The underlying information excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' information is 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.

Highlights

- Record contribution from bulk resources logistics activities and solid performance from containerised logistics and vehicle stevedoring activities
- Strong progress on expansion into oil and gas related logistics activities
- Continued growth in logistics services for the rural commodities sector
- Several new contracts and growth projects secured during the period will contribute to future earnings growth
- Qube expects underlying earnings per share in H2 – FY 14 will be higher than H1 – FY 14 (subject to no material change in economic conditions)

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Key Financial Outcomes

Statutory Results

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)
Revenue	581.5	526.2	11%
EBITDA	98.2	89.3	10%
EBITA	70.0	63.8	10%
EBIT	66.9	60.8	10%
Net Interest Expense	(14.2)	(17.2)	18%
Share of Profit of Associates	6.8	8.9	-24%
Profit After Tax Attributable to Shareholders	41.2	34.7	19%
Profit After Tax Attributable to Shareholders Pre-Amortisation	43.4	36.8	18%
Earnings Per Share (cents)	4.43	3.76	18%
Earnings Per Share Pre-Amortisation (cents)	4.66	3.99	17%
Interim Dividend Per Share (cents)	2.40	2.20	9%
EBITDA Margin	16.9%	17.0%	-0.1%
EBITA Margin	12.0%	12.1%	-0.1%

Key Financial Outcomes

Underlying Results*

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)
Revenue	581.4	526.3	10%
EBITDA	99.4	90.3	10%
EBITA	71.3	64.9	10%
EBIT	68.2	61.8	10%
Net Interest Expense	(15.0)	(17.0)	12%
Share of Profit of Associates	7.1	8.9	-20%
Profit After Tax Attributable to Shareholders	42.1	38.4	10%
Profit After Tax Attributable to Shareholders Pre-Amortisation	44.3	40.6	9%
Earnings Per Share (cents)	4.53	4.16	9%
Earnings Per Share Pre-Amortisation (cents)	4.77	4.40	8%
Interim Dividend Per Share (cents)	2.40	2.20	9%
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EBITDA Margin	17.1%	17.2%	-0.1%
EBITA Margin	12.3%	12.3%	0.0%

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Key Financial Outcomes

H1 - FY 14	Logistics ($m)	Ports & Bulk ($m)	Strategic Assets ($m)	Corporate and Other ($m)	Total ($m)	H1 - FY 13	Change (%)
Statutory							
Revenue	301.1	265.1	15.2	0.1	**581.5**	526.2	**11%**
EBITDA	41.8	50.3	11.9	(5.8)	**98.2**	89.3	**10%**
EBITA	29.9	34.0	11.9	(5.8)	**70.0**	63.8	**10%**
EBIT	29.0	32.0	11.7	(5.8)	**66.9**	60.8	**10%**
Underlying							
Revenue	301.1	265.1	15.2	0.0	**581.4**	526.3	**10%**
EBITDA	43.0	50.4	11.9	(5.9)	**99.4**	90.3	**10%**
EBITA	31.1	34.2	11.9	(5.9)	**71.3**	64.9	**10%**
EBIT	30.2	32.2	11.7	(5.9)	**68.2**	61.8	**10%**

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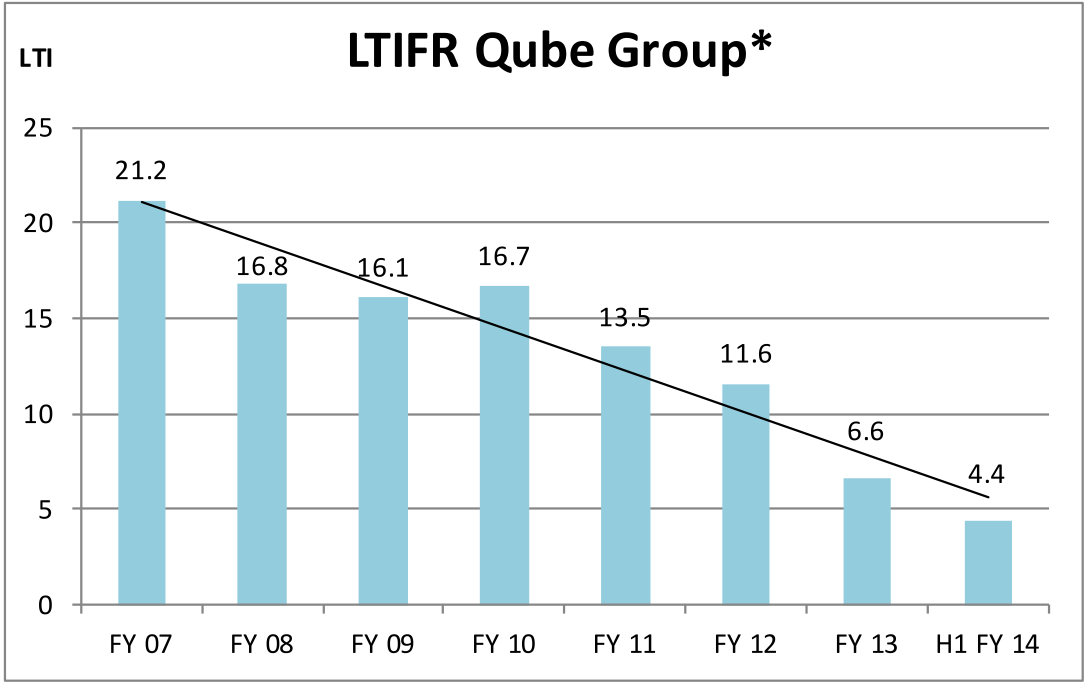
Enhanced Focus on Safety



* Rolling 12 months

LTIFR – Lost Time Injury Frequency Rate

LTI – Lost Time Injury

Safety performance continues to improve

Safety, Health and Environment (SHE) functions centralised in Qube Corporate in FY 14

Logistics Division

Logistics Division

	H1 - FY 14 ($m)	H1 - FY 13 ($m)	Change From Prior Corresponding Period (%)
	Underlying	Underlying	
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%

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Logistics Division

- Solid result given continued subdued economic environment
- Secured several new rail contracts for rural commodities in late December / early January
- Completed IML Logistics acquisition in early December providing additional scale and diversity in Western Australia
- Victoria Dock development to be completed by March 2014
- Expect stronger result in the six months to June 2014 (compared to pcp) through new business, improved asset utilisation and margins, and the contribution from the IML Logistics acquisition

Ports & Bulk Division

Ports & Bulk Division

	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%

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Ports & Bulk Division

- Record earnings through improved scale and benefits from past capital investment
- Bulk activities delivered a very strong contribution with terminals, transport and stevedoring contributing to the result with record volumes
- Solid contribution from motor vehicle stevedoring in line with expectations
- Expansion of oil and gas related logistics activities
  - Chevron contract announced in September 2013 – expect greater contribution in the second half of FY 14 as training and mobilisation costs largely complete
  - Investment in new barge transfer facility at Dampier (expected to be operational from March 2014)
- Continued weakness in project and general cargo (especially imported steel)
- Expect stronger result in the six months to June 2014 (compared to pcp) from continued organic growth and the contribution from new contracts

Ports & Bulk Division

Associates

Qube Share of Profits of Associates	H1 - FY 14 ($m) Underlying	H1 - FY 13 ($m) Underlying	Change From Prior Corresponding Period (%)
AAT	4.1	5.0	-18%
NSS	1.9	2.7	-30%
Prixcar	1.0	1.0	0%
Total	**7.0**	**8.7**	**-20%**

- The contribution from associates was down on the prior period but broadly in line with expectations

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Strategic Assets Division

	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%

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Strategic Assets Division

- Both strategic properties continued to generate strong reliable commercial yields
- Significant growth in revenue and earnings on pcp reflects benefits in current period from higher lease rental income following Moorebank lease extension in March 2013
- In December 2013, Moorebank Intermodal Company (MIC) released an Expression of Interest (EOI) for the development of rail terminals and related logistics activities on the SME site (located across the road from Qube / Aurizon's Moorebank site (SIMTA site))
- The EOI sought operator led proposals covering only the SME site as well as alternative solutions including an integrated "whole of precinct" approach, incorporating the development of the SIMTA site
- SIMTA (Qube / Aurizon) is participating in the EOI process and aims to demonstrate the significant benefits to a broad range of stakeholders from adopting an integrated development approach covering both Moorebank sites

Our Vision For Moorebank Precinct

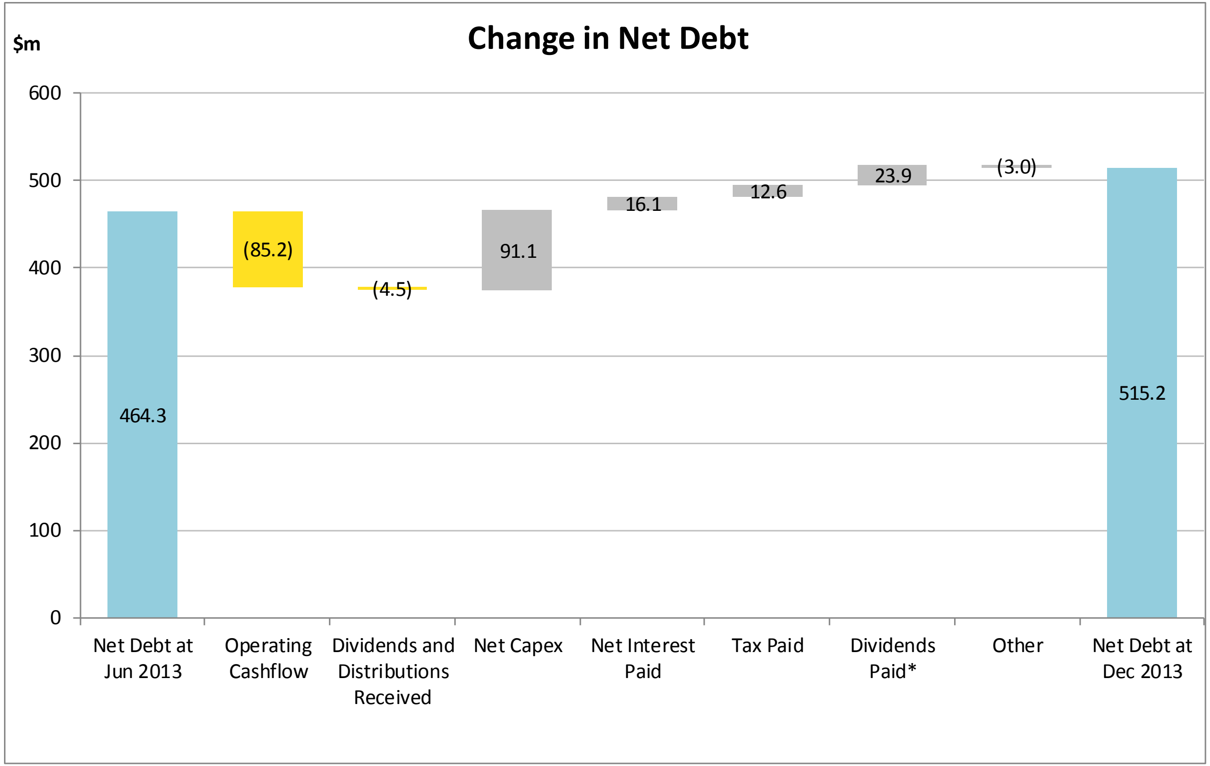
Our Vision For Moorebank Precinct

- Cooperative model with Commonwealth and State Governments and other key stakeholders to enable fast-track of development and maximise financial and non-financial benefits of the project
- Whole of precinct solution to provide maximum capacity and efficiency
- Open access model to maximise site utilisation and return on investment
- Development of interstate and import-export rail terminals
- Provision of extensive warehousing capacity
- Provides significant supply chain efficiencies and savings to customers
- Supports modal shift from road to rail with associated economic, environmental and safety benefits

Cashflow and Financing

- Strong operating cashflow generated in the period used to fund growth
- Net debt increased by around $50 million reflecting continued investment in facilities, equipment and the IML Logistics acquisition
- Interest expense benefitted from amendments to debt facilities
- Leverage towards the bottom end of Qube's target range of 30-40%
- Substantial undrawn debt capacity and strong cashflow to fund growth

Cashflow and Financing



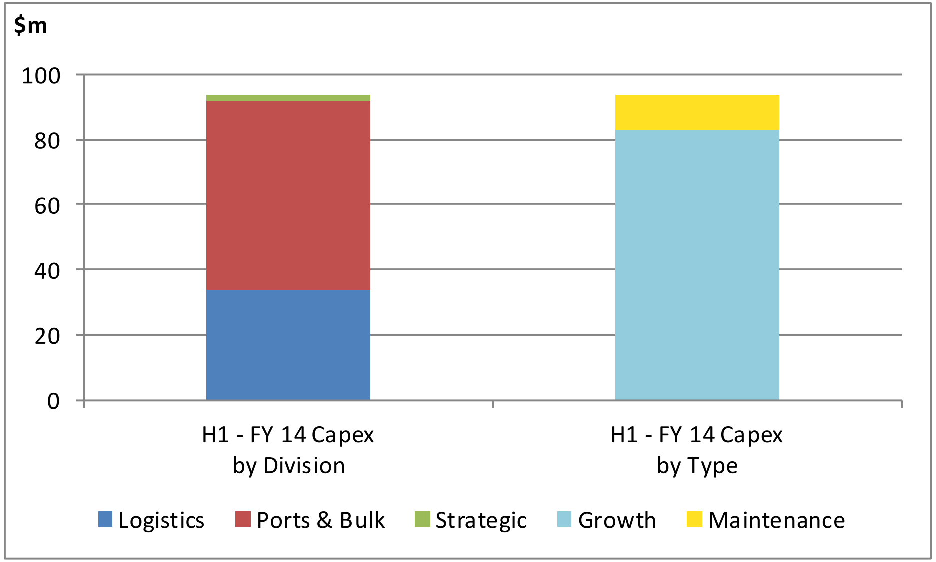
*Dividends Paid – Net of DRP

Financing

Facility Type	Maturity of Facility	Balance at 31 Dec 2013 ($m)*	Balance at 30 June 2013 ($m)*
Term Loan - Strategic Properties	Jun-16	120.0	120.0
Term Loan	Aug-16	200.0	200.0
Revolver and Multi-Option	Aug-18	210.0	146.5
Finance Leases	Various	42.8	55.5
Gross Debt		**572.8**	**522.0**
Less: Cash		(57.6)	(57.7)
Net Debt		**515.2**	**464.3**
Qube Shareholders Equity		**1,085.7**	**1,062.7**
Net Debt / (Net Debt + Equity)		**32.2%**	**30.4%**

*Excludes bank guarantees and letters of credit issued under Qube's facilities

Capex



- Continued investment in equipment and facilities:
  - Completion of Vic Dock development
  - IML Logistics acquisition
  - Dampier Transfer Facility (DTF)
  - Mobile harbour cranes
  - Equipment for Chevron contract
- Additional investment to be undertaken in H2:
  - Completion of DTF
  - Fremantle development
  - Bulk haulage equipment
- Currently expect full year capex to be around $150-$200 million
- Investments continue to meet Qube's return hurdles
- Investment focus remains on delivering Qube's core strategy of realising value by driving improved efficiency of import-export logistics supply chains

H1 – FY 14 Summary

- Growth in all divisions
- Revenue growth achieved in low growth environment, reflecting value of Qube's service offering
- Solid margins despite competitive conditions and subdued economic environment
- Important initiatives progressed to further diversify and grow the business
  - Expansion of oil and gas related logistics activities through Chevron contract and Dampier investment
  - Continued growth of rural commodities logistics solutions
- Secured several new contracts in both divisions to drive continued organic growth
- Reinforced Qube's position as a leading independent logistics provider delivering innovative solutions for participants across import and export supply chains

Outlook

- Expect continued revenue growth as well as margin improvement in both operating divisions in H2 – FY 14 (compared to pcp) despite expectations of low growth economic environment

- Continued investment in facilities, technology and equipment to provide superior customer solutions and drive sustainable growth

- Qube expects underlying earnings per share in H2 – FY 14 will be higher than H1 – FY 14 (subject to no material change in economic conditions)

- Well positioned to benefit from any improvement in economic conditions

Questions

Appendix 1
Reconciliation of H1 – FY 14
Statutory Results to Underlying Results

H1 - FY 14	**Logistics ($m)**	**Ports & Bulk ($m)**	**Strategic Assets ($m)**	**Corporate and Other ($m)**	**Consolidated ($m)**
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**

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Appendix 2
Reconciliation of H1 – FY 13
Statutory Results to Underlying Results

H1 - FY 13	Logistics ($m)	Ports & Bulk ($m)	Strategic Assets ($m)	Corporate and Other ($m)	Consolidated ($m)
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**

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Appendix 3
Explanation of Underlying Information

* 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.

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